East India (Fifty Years Administration)

MEMORANDUM

ON

SOME OF THE RESULTS OF INDIAN ADMINISTRATION

DURING THE

PAST FIFTY YEARS OF BRITISH RULE IN INDIA

Presented to Both Houses of Parliament by command of His Majesty

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2. *Preliminary.*—At the outset it may be well to refer to the fact—long recognised by the Home and the Indian Governments—that India is not a single country with a homogeneous population. India is in truth a congeries of countries, with widely differing physical characteristics. It contains a number of peoples, speaking many languages, holding many creeds, observing different customs, and enjoying divergent degrees of civilisation. It is difficult, therefore, to speak correctly of India as a whole; and statements that may be quite applicable to some provinces do not apply to other provinces or sections of the country.

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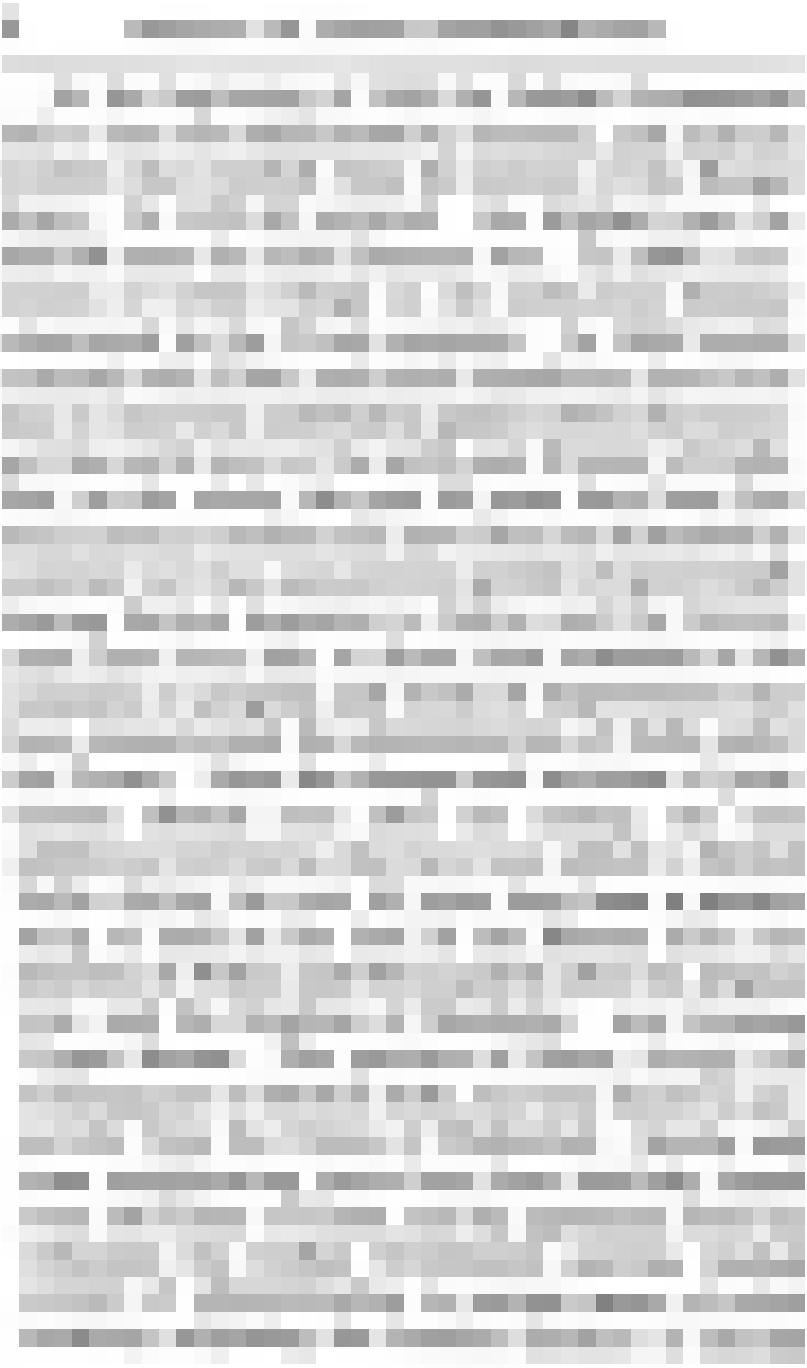
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At the beginning of 1858 the Indian Government had to face the administrative, financial, and military troubles that resulted from the mutiny of the Bengal Army. In 1878-80 occurred the Afghan war; in 1885-86 came the third Burmese war. In 1897 a succession of tribal risings on the north-west frontier culminated in the Tirah campaign. In 1904 trouble occurred with Tibet; and minor expeditions have from time to time been undertaken against tribes that harassed the north-west or the north-east frontier of India. But, on the whole, the past 50 years have been free from internal troubles and have been less disturbed by external war than any previous period of equal length during British dominion in India; and the Government have been able to direct their attention to the measures of progress and works of improvement that have characterized the administration of India under the Crown. Since the changes and revisions of jurisdiction effected soon after the mutiny, the only additional territories that have been added to British India during the past 50 years have been a narrow strip of land at the foot of the Bhutan hills; the districts of Peshin and Sibi acquired after the Afghan war, and the kingdom of Mandalay, now forming Upper Burma. The province of Berar, though not forming part of British India, has been leased in perpetuity from the Nizam of Hyderabad. Quetta and some neighbouring tracts have been similarly leased from the Khan of Kalat, and by agreement with the tribesmen the Indian Government exercise limited powers of administration in certain areas of tribal territory adjoining the frontier districts of British

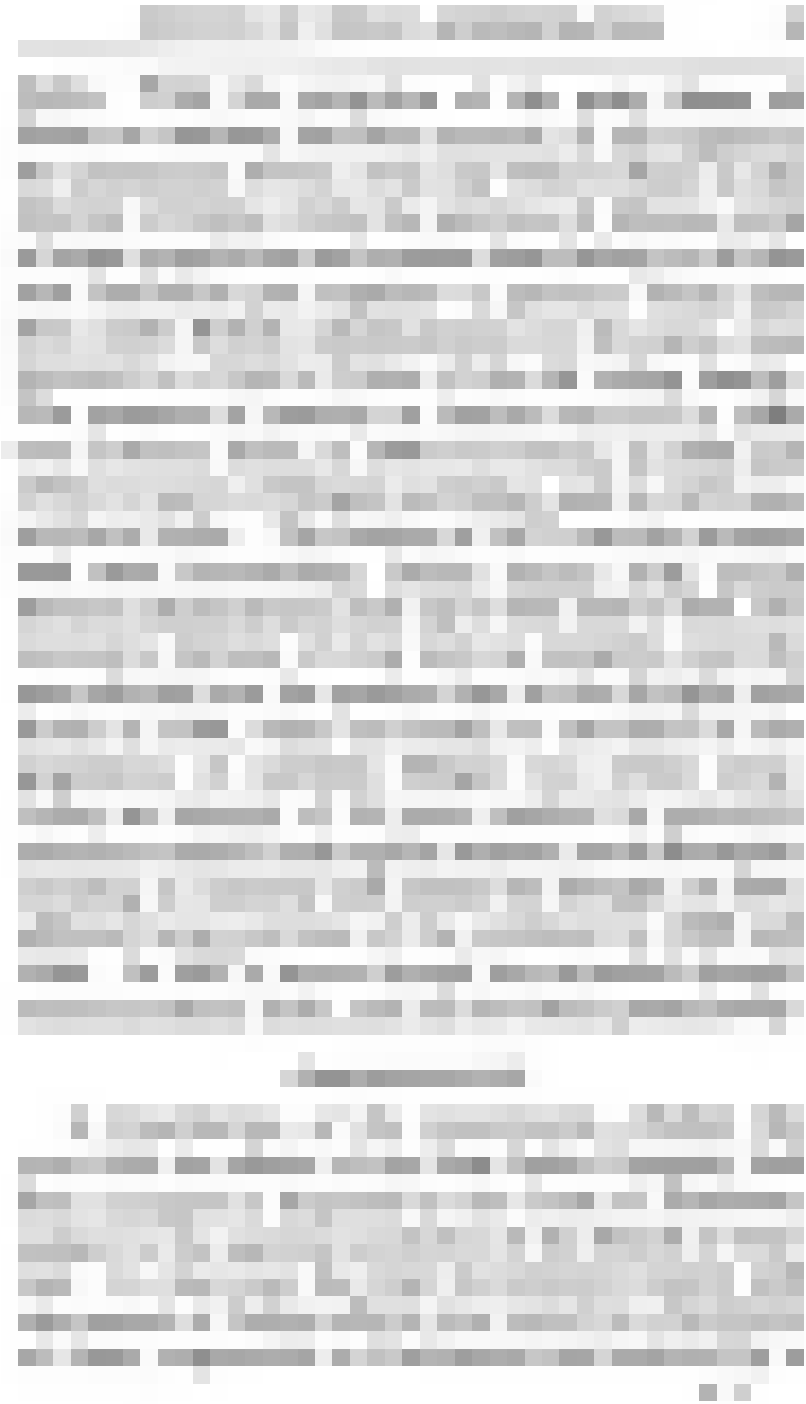
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India. With the exception of the petty State of Peint, no territory has been annexed, or has lapsed to the paramount Power, from any Native State in the interior of India; while the province of Mysore, with a larger population and revenue than belong to all the new territories put together—a province which had been under British administration for 50 years—was restored to a Native Prince of the old ruling family. The pressure of scarcity or famine was felt in 1860 over northern India, in 1866 over Orissa, in 1869 and 1874 over parts of Bengal and Behar, and in 1877 over southern India. The famine of 1877 was the severest and most far-reaching Indian famine with which British administration had up to then had to deal, the successive failures of crop were as complete, and the area affected was far greater than in the drought and floods of 1769, when one-fourth to one-third of the population of northern Bengal was swept away. After an interval of 19 years, marked by generally abundant rainfall and regular seasons, severe droughts, rivalling in intensity and extent the drought of 1877, afflicted large portions of the continent in 1896 and 1899. In 1907 a severe though less extended drought visited northern India, and has but lately passed away.

Administration.

3. *Constitution of the Government.*—Before the year 1858 the affairs of the East India Company had been managed in England by the Court of Directors, subject to the supreme authority of the Board of Control. In that year the dual Government ceased, and the control of Indian affairs was vested in a Secretary of State, responsible to Parliament and assisted by a



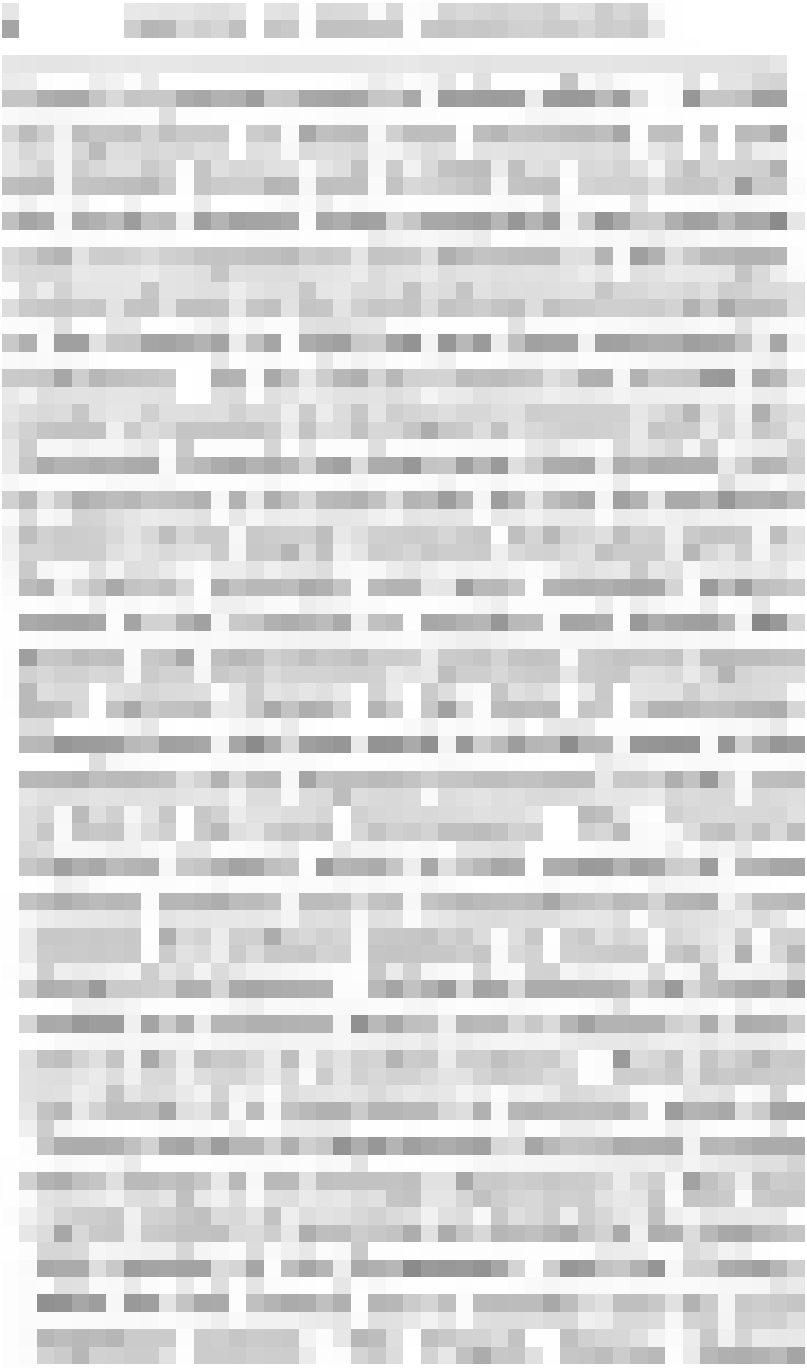
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Council of persons versed in Indian affairs. In 1861 the legislatures of India were established on a new and broader footing, and in 1892 they were enlarged, the elective element being recognised, and provision made for interpellation and discussion of the budget. A great advance on the constitutional position assigned to the Councils in 1892 has now been sanctioned by Parliament. By the Indian Councils Act of 1909 the number of members in the Imperial Council and in the Provincial Councils has been more than doubled, and by regulations to be made under the Act the unofficial element will be largely increased, fuller play given to the elective principle, and more extended powers vested in the Councils to consider and discuss the finances and administrative questions, and to express their opinion thereon in the form of resolutions. Changes have also been made in the fifty years in the constitution of the Supreme Government of India and in that of the Local Governments. The Viceroy's Executive Council, which in 1858 consisted of four ordinary members and the Commander-in-Chief, now contains five ordinary members, of whom one is in charge of the finances. Before the Mutiny the Council worked as a collective board; now it conducts its business on the lines of a modern Cabinet. Each member has charge of a department or portfolio, while the Viceroy controls all departments, and himself usually takes charge of the Foreign department; in this way a great number of questions are decided by the responsible member of the Government and the Viceroy, while the full Council has to consider only the more important matters. The Punjab, Burma, Eastern

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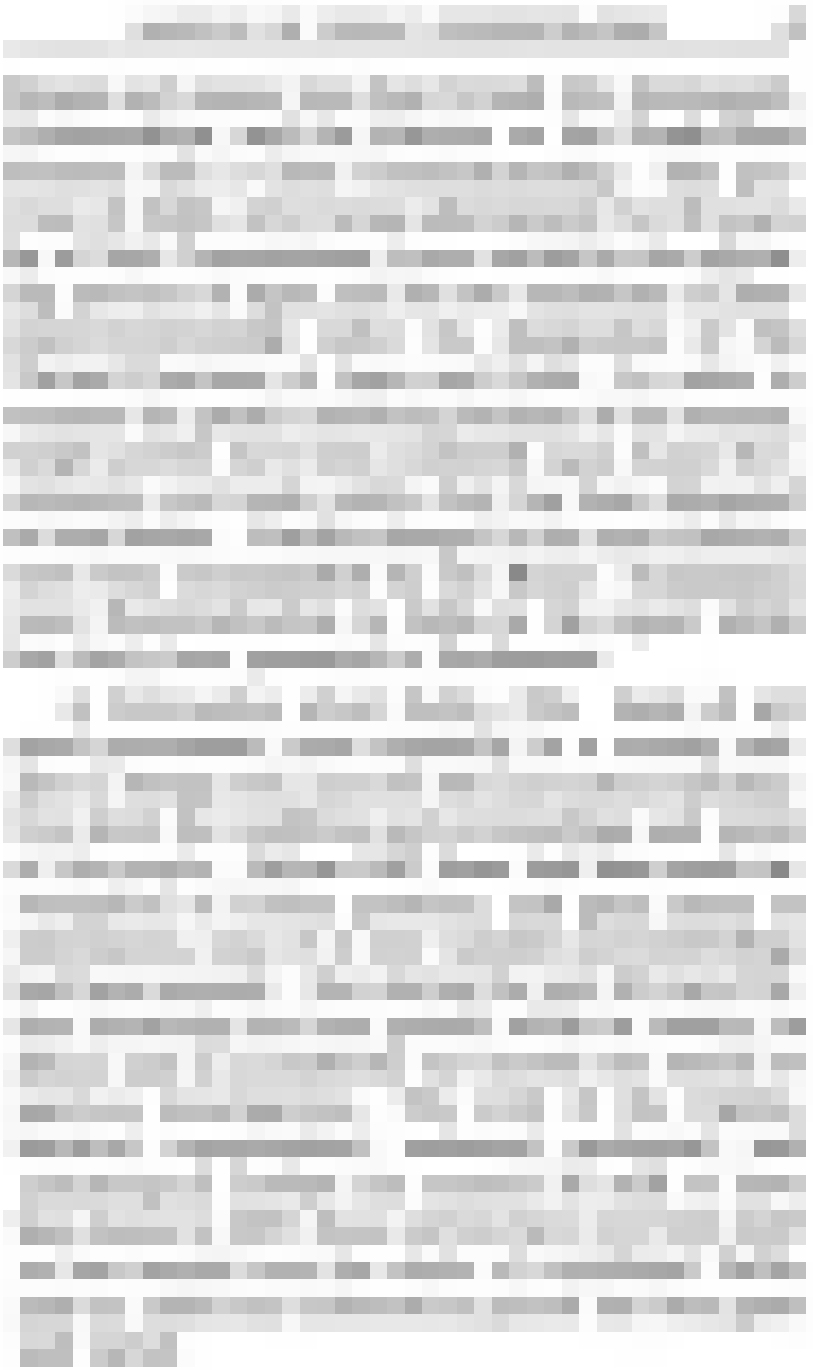


Bengal and Assam, have been formed into Lieutenant-Governorships, and the districts on the North-West Frontier into a Chief Commissionership. The province of Oudh, after being administered for 20 years by a Chief Commissioner, is now united to the adjoining province of Agra, and the two constitute a Lieutenant-Governorship under the designation of the United Provinces of Agra and Oudh. In order to transact the greatly increasing business of the country, larger powers have been conferred upon Local Governments, and much public duty has been delegated to local bodies. Further changes in the same direction have been recommended by the Royal Commission upon Decentralization in India in the report which has lately been presented to Parliament.

4. *Information about India.*—The basis of all good government, more especially in a country subject to foreign rule, must be full and correct information about the condition and surroundings and wants of the people. Before 1857 there had been much investigation of Indian questions, and great stores of information, some of it very valuable and interesting, had been amassed. But during the past 50 years further knowledge has been gained, which in variety, in detail, and in accessibility far exceeds the results of previous investigations. The work of the trigonometrical, topographical, cadastral, geological, and archæological surveys can scarcely be said to have been begun in 1857; these surveys have now been more or less carried over the whole of continental India, and the additional information gained has been great and varied.

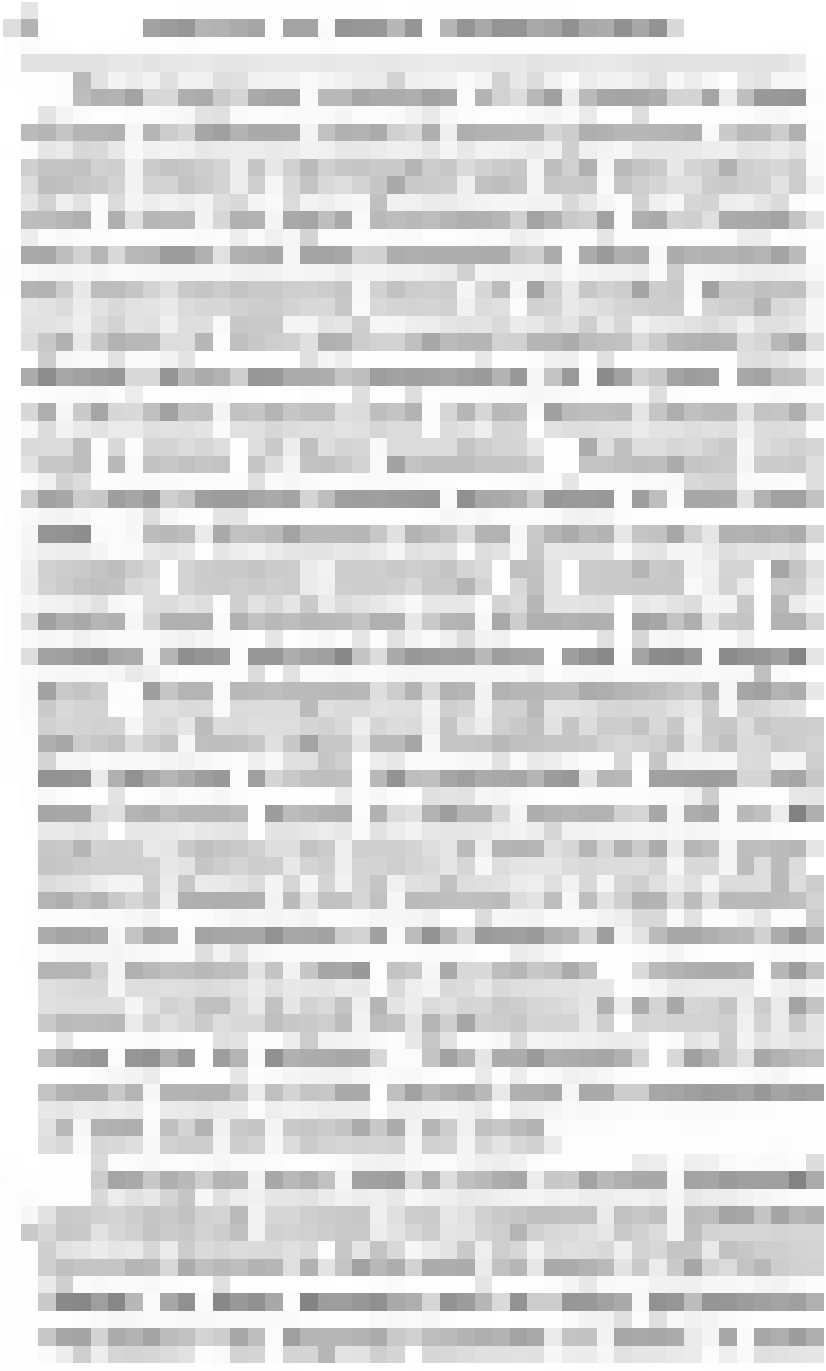
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There had been countings of the people in their villages at different times in several provinces, and a regular census of the English type had been taken in what is now the Agra Provinces and in the Punjab; but no census had been attempted in other provinces. The first simultaneous census of the Indian Empire was taken in 1871, and a second complete census was effected, after careful preparation, in the year 1881; on the latter occasion most of the Native States also took a census of their population. Subsequent and still more complete censuses were taken in 1891 and 1901. The Government and the public now possess complete statistics concerning the number of the people, their distribution over different parts of the country, their physical disabilities, and their migrations. Some conception of the improvement in information on these topics may be gathered from the fact that previous to 1871 the population of Bengal had been variously stated in official reports at 38 to 42 millions, whereas the census of 1871 showed the population of Bengal to be 67 millions; or to take a smaller tract, the population of the district of Tirhoot had been returned in 1870 at $1\frac{1}{2}$ millions, whereas the census of 1871 showed the population of Tirhoot to be close upon $4\frac{1}{2}$ millions. The subsequent and more careful census of 1881 showed that the enumeration of 1871 had not exceeded the truth.

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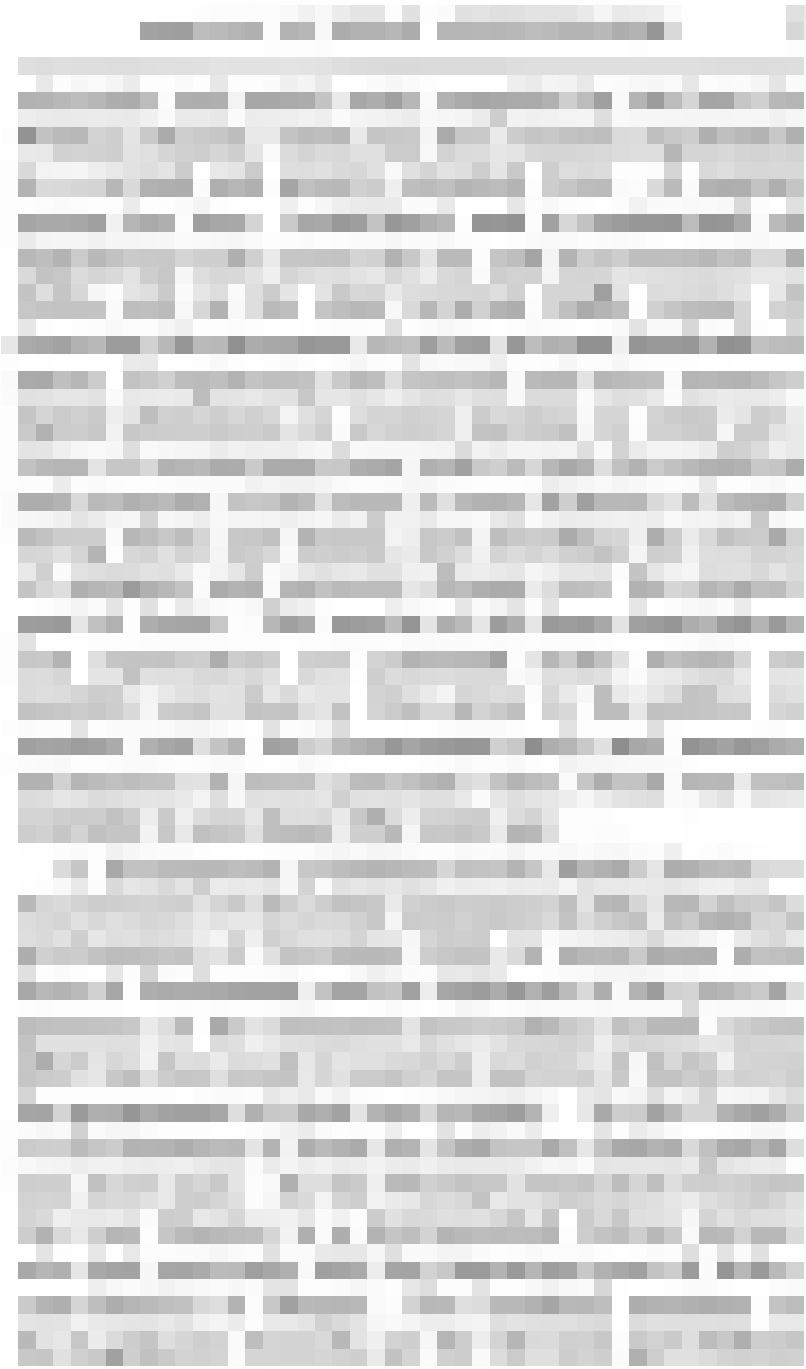
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5. *Employment of Indians in the Public Service.*—In pursuance of the policy announced in Her Majesty's proclamation of November 1858, in accordance with Acts of Parliament, and in fulfilment of the just aspirations of the educated and leading classes, much effort has been made to associate natives of India with the government of their own country. In the Council of the Secretary of State for India two Indian gentlemen hold seats. In the Viceroy's Executive Council the Law Member is a distinguished Indian lawyer, who had previously held the important post of Advocate-General of Bengal. The unofficial members of the Legislative Councils are for the most part Indian

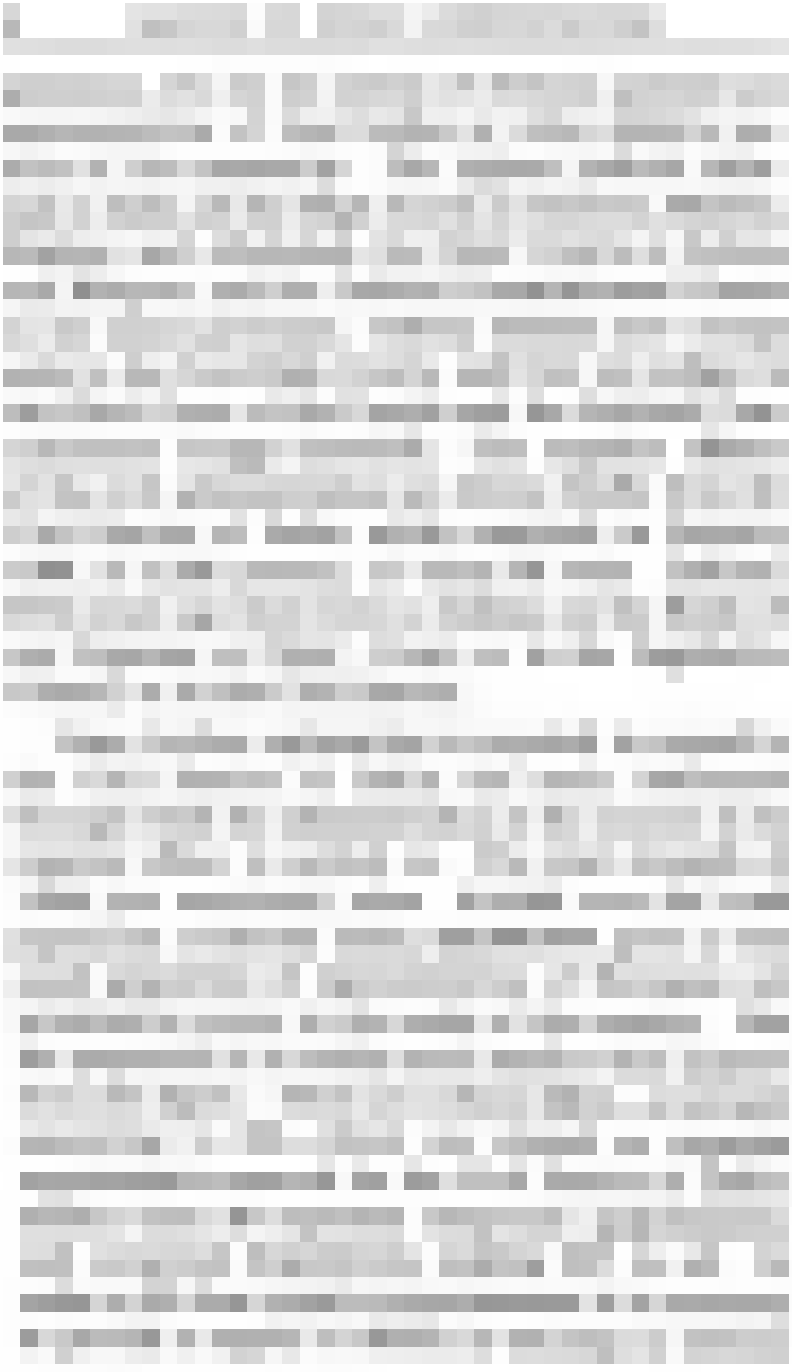
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gentlemen, who by the system of election pursued are representatives of local bodies or other definite sections of the community. The highest judicial tribunals in India are the High Courts at Calcutta, Madras, Bombay, and Allahabad, the Chief Courts at Lahore and Rangoon, and the Judicial Commissioners' Courts in the minor provinces. Eleven Indians now occupy seats in the four High Courts, and four are judges in the Chief Court of the Punjab and the Judicial Commissioners' Courts elsewhere. The superior officers of the civil administration are drawn chiefly from the Civil Service of India, which consisted, in January 1909, of 1,244 persons, of whom 65 were Indians. Fifty years ago there were no Indians on the Bench of any Supreme or Chief Court, or in the Legislative Council, or in the Civil Service.

Some further explanation is required in regard to the Civil Service of India, the main instrument through which the administration of the country in its superior offices is carried on. The total strength of 1,244 just mentioned, when divided over the total population of British India, 232,000,000, gives a very small proportion of representatives of European administrative power to the needs of the country. But the proportion is in reality much smaller than appears from this figure. There are certain offices—at present amounting to 661—which are classed as superior appointments reserved for the Civil Service of India; besides these 26 represent temporary appointments and occasional deputations, making 687 in all. In order to fill these superior appointments it is necessary to provide a supply of officers in training in inferior



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posts, and for this purpose 268 posts are provided. The total number of cadre posts is thus 955. The difference between this number and the total strength of the service represents the necessary allowance for leave vacancies (always large when the exhausting nature of the duties in a tropical climate is considered), and for men of the first and second years of service, during which an officer is considered to be in training and not fully competent to occupy a cadre post.

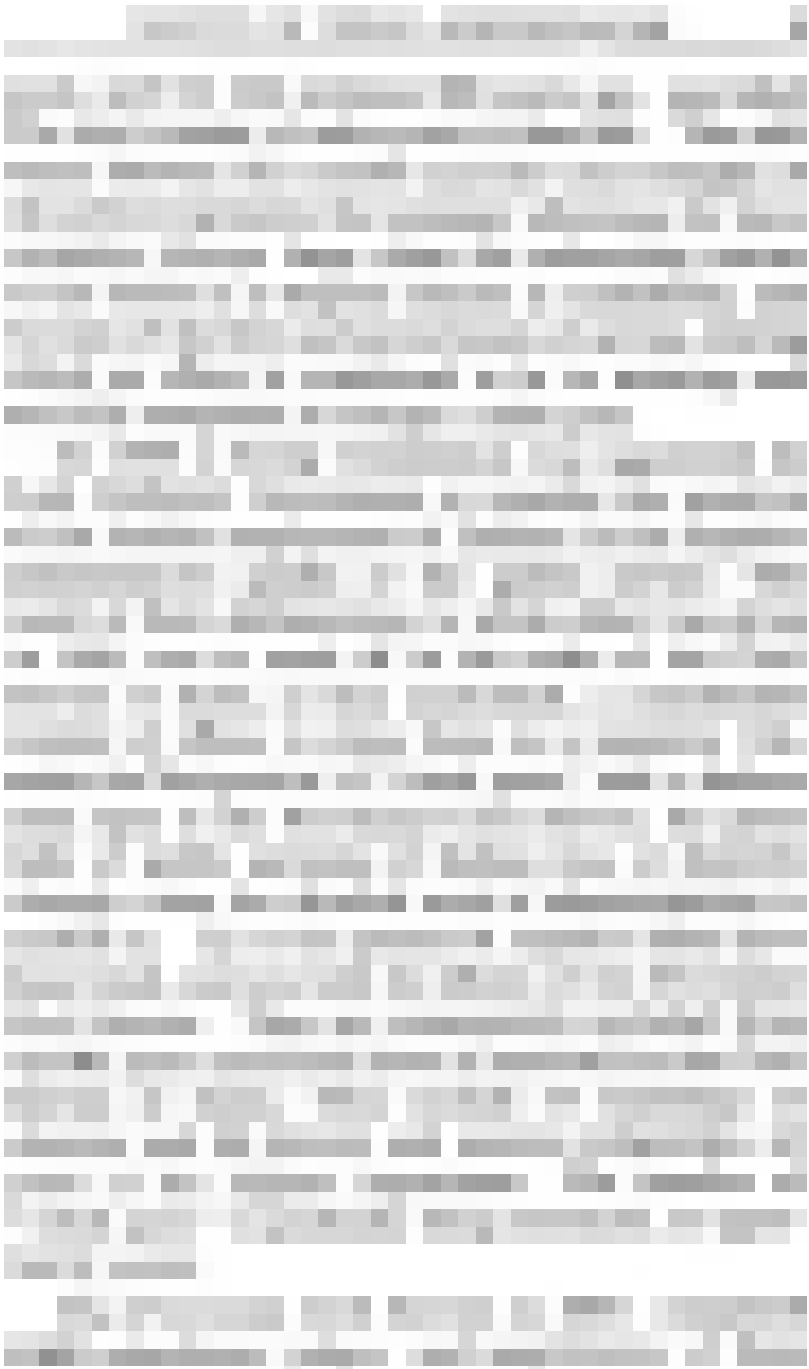
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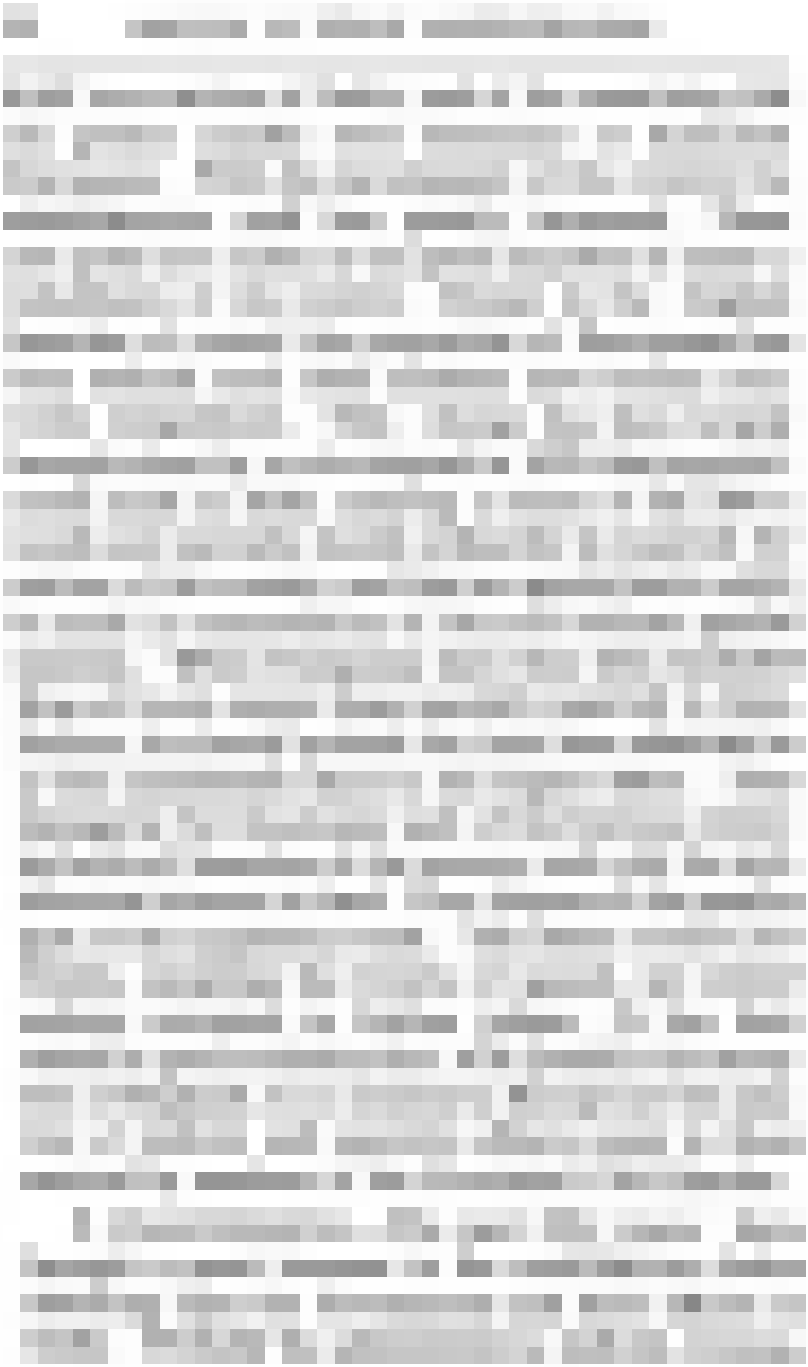
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and executive business to be performed has more than doubled. The due transaction of these affairs has required, and will continue to require in an increasing degree, the delegation of power and responsibility by the Supreme Government to Local Governments, and by Local Governments to subordinate authorities. Much has already been done in this direction, by the enlargement of the financial powers of the Local Governments and by the creation of municipal and other local bodies. Litigation has been kept within bounds by restricting second appeals, and by barring all appeal in petty criminal cases and in civil suits concerning moveable property of small value when such suits are decided by selected Judges. A large quantity of magisterial business has been entrusted to Indian honorary magistrates, whose judgments on the whole give popular satisfaction; while the management of local roads, streets, hospitals, schools, and other improvements has been made over to local bodies, constituted under legislative enactments. There is scope for further progress in the same direction, especially in the development of genuine self-government by local bodies. In this way alone the vastly increased work of the country can be done without material addition to the strength or cost of the superior Civil Service, and with more satisfaction to the influential classes, who thus find themselves admitted to an increasingly larger share in the government of their own country.

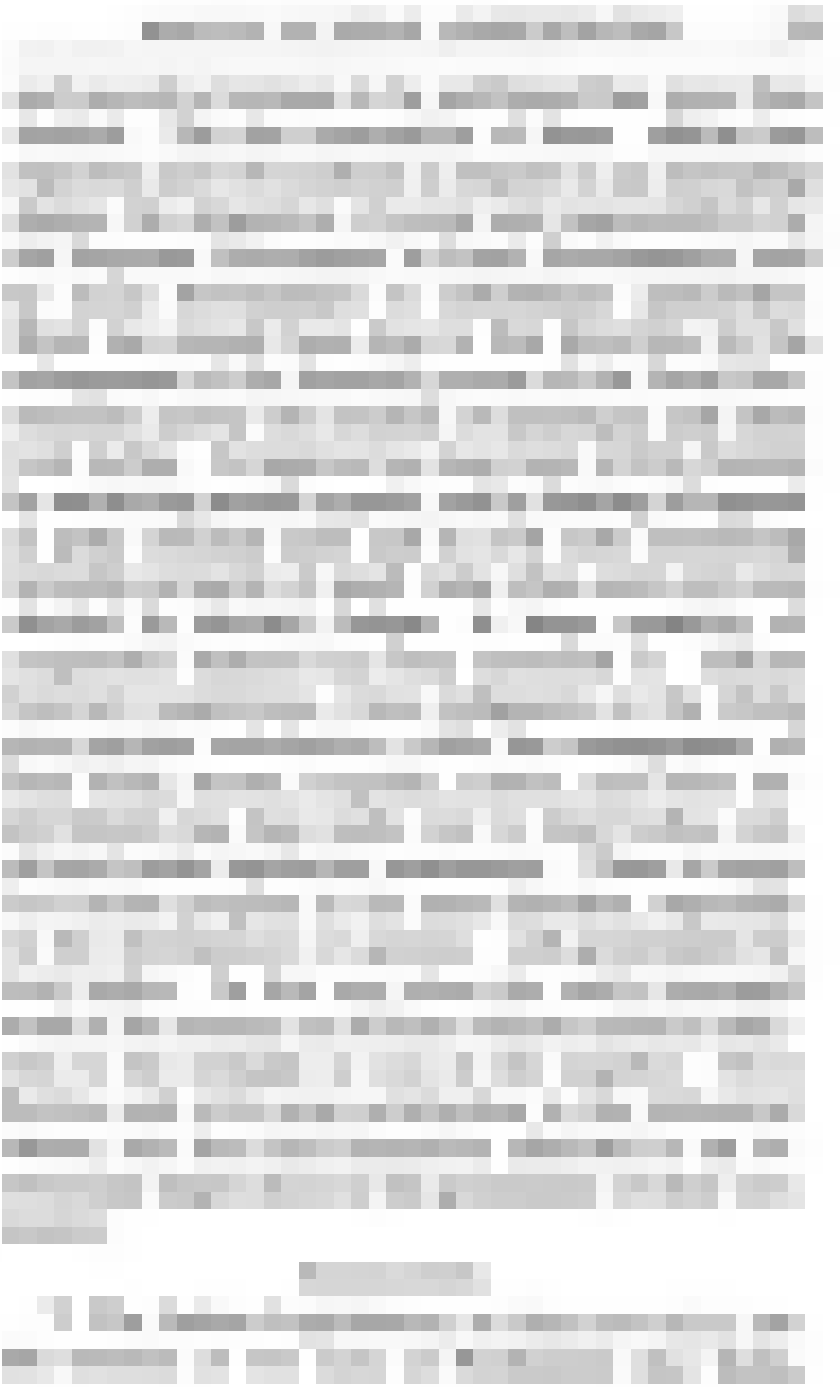
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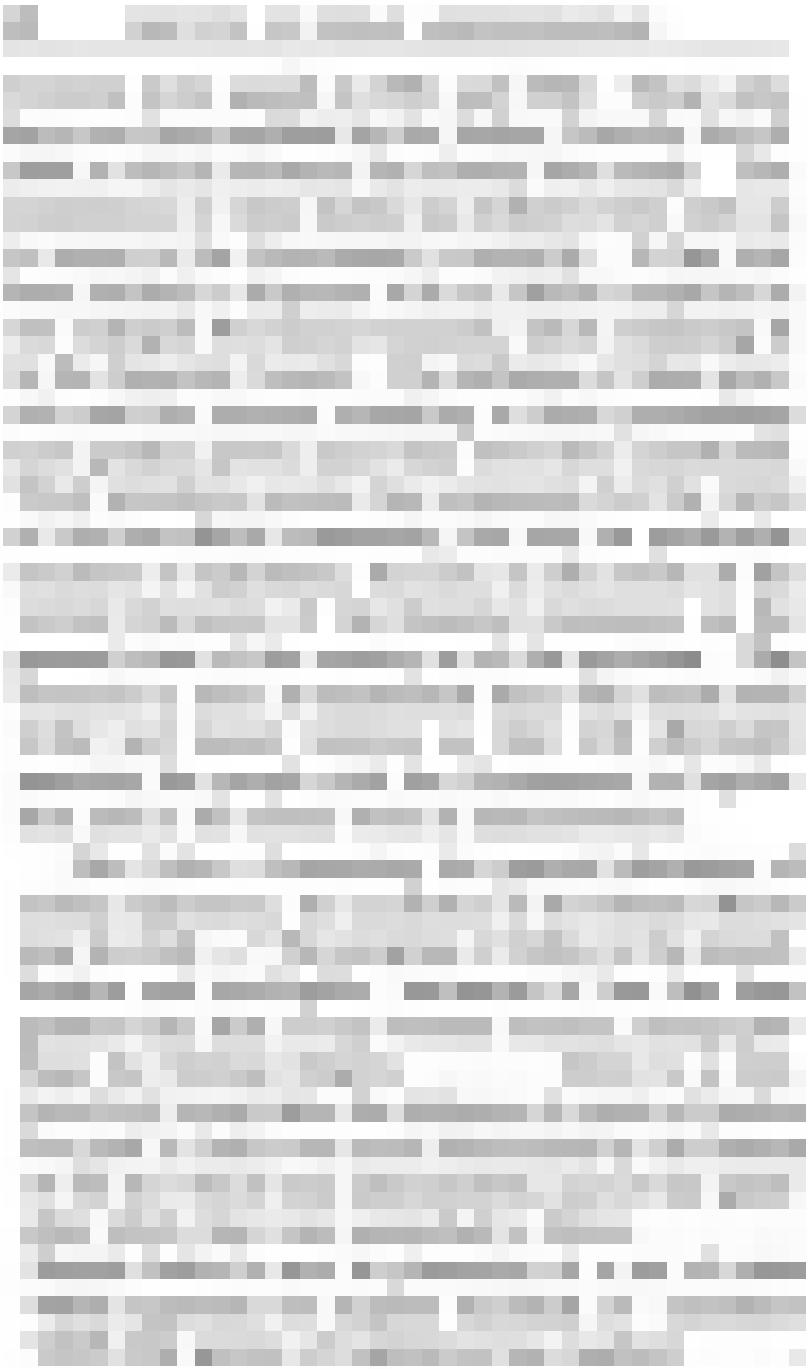


Councils Acts) passed in 1861 and 1892. These Acts have now been modified by the Indian Councils Act of 1909, to which reference has already been made. The constitution of these bodies has hitherto been such as to secure to the Government a majority. It has now been decided to dispense with an official majority in the enlarged Provincial Councils, while retaining it in the Imperial Council. The influence of these councils and the interest attaching to their proceedings have greatly grown since they were first constituted. Their procedure secures free expression for the views of the non-official community, not only on particular measures of legislation, but also, in the course of the annual discussion of the financial statement, on the general state of the country or of the province. The Councils in their re-constituted form will excite still wider and keener interest, as they will effectually associate the people with the Government in legislation and in the actual work of administration.

The Codes.—Concerning the general character of Indian legislation, the authority of Sir Henry Maine may be cited :—" The progress of India in the simplification and intelligible statement of law has been greater than that of any western country, except perhaps the German Empire. . . . Down to a comparatively recent date, the influence of courts of justice for good in India was much diminished by the nature of the law which they administered, and of the procedure which they were compelled to follow. British India is now in possession of a set of codes which approach the highest standard of excellence which this species of legislation has reached. . . .

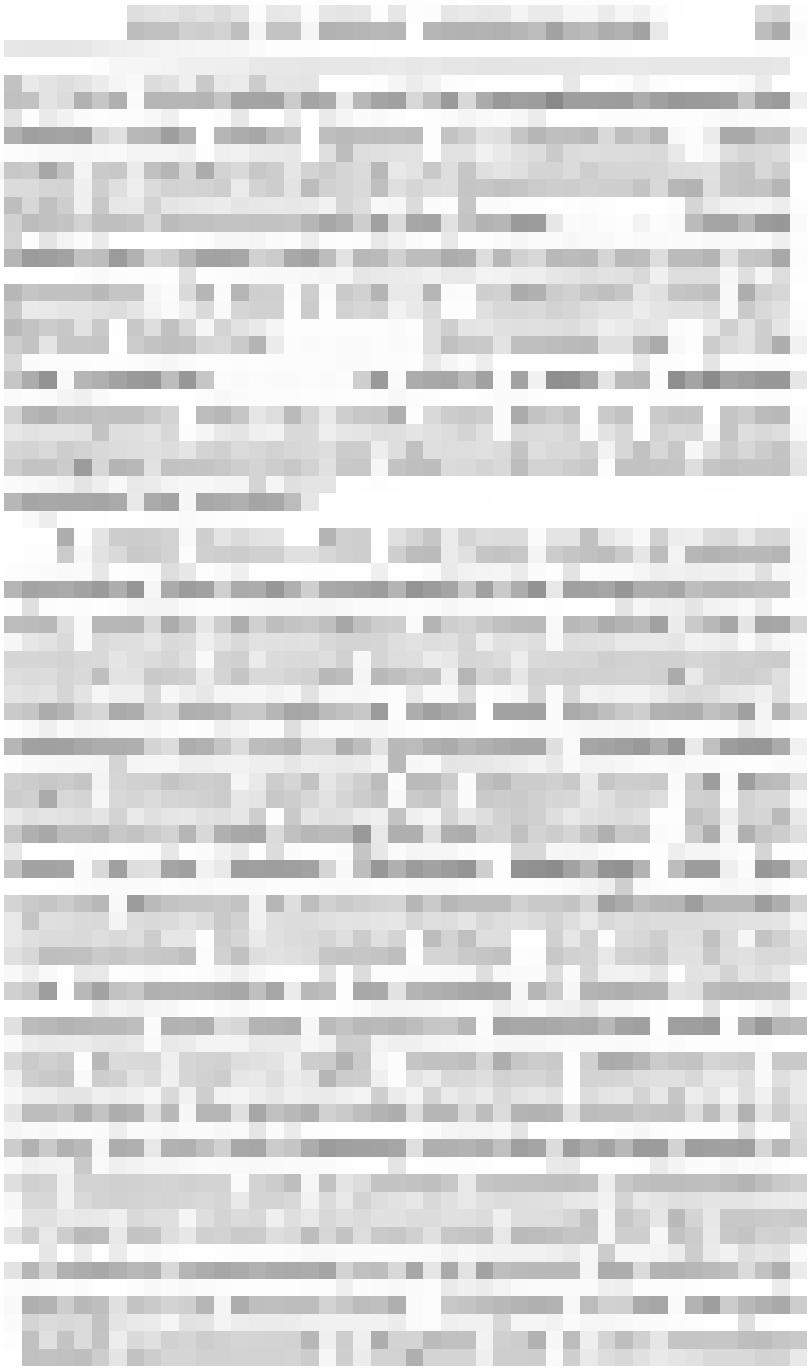
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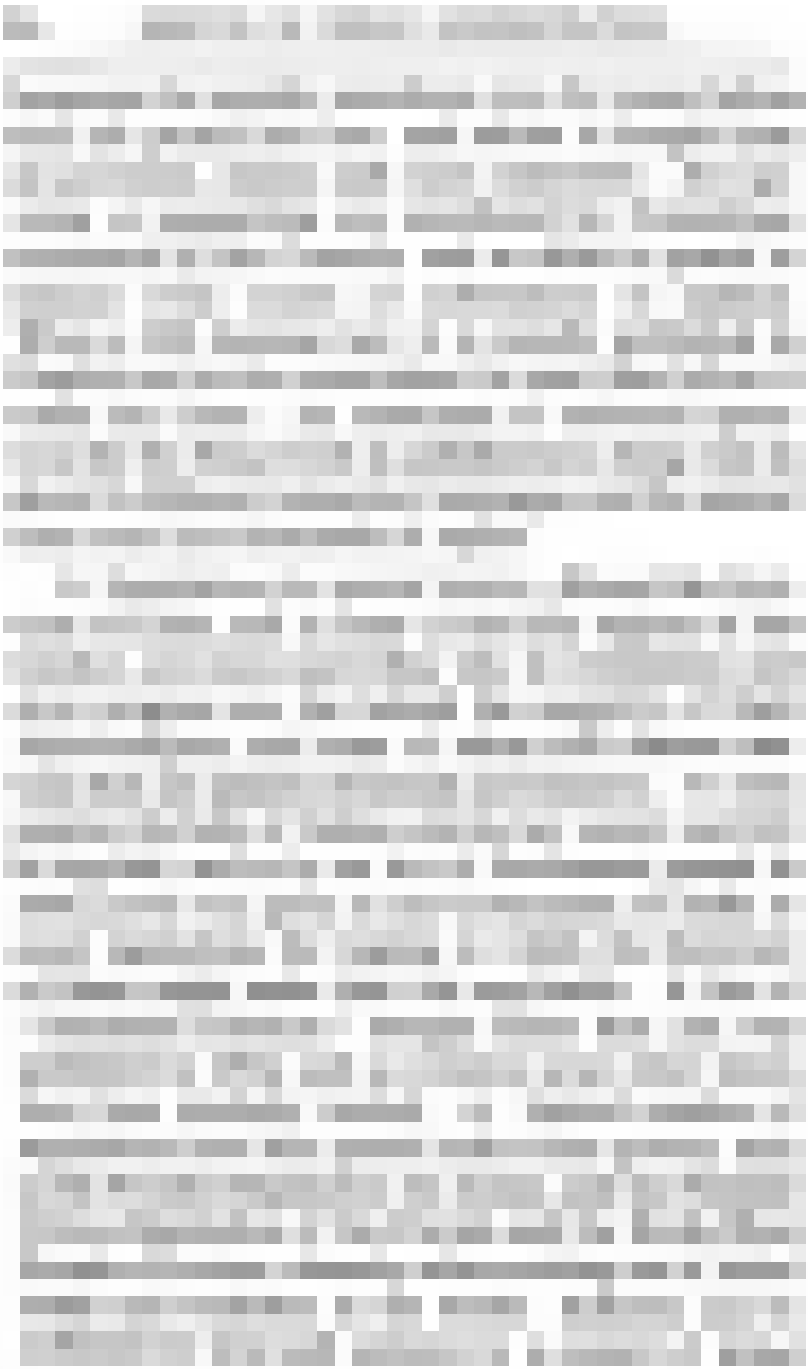


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Justice and Police.

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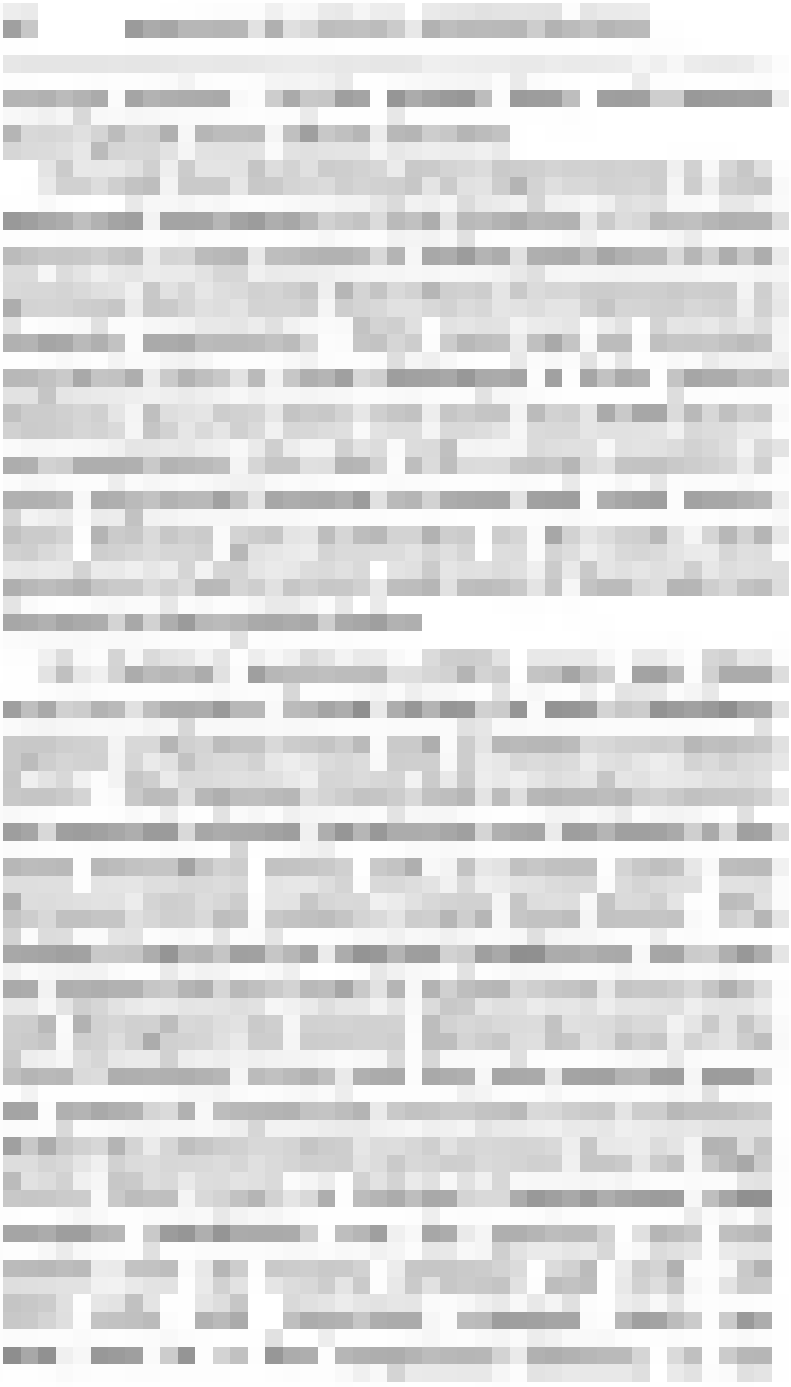
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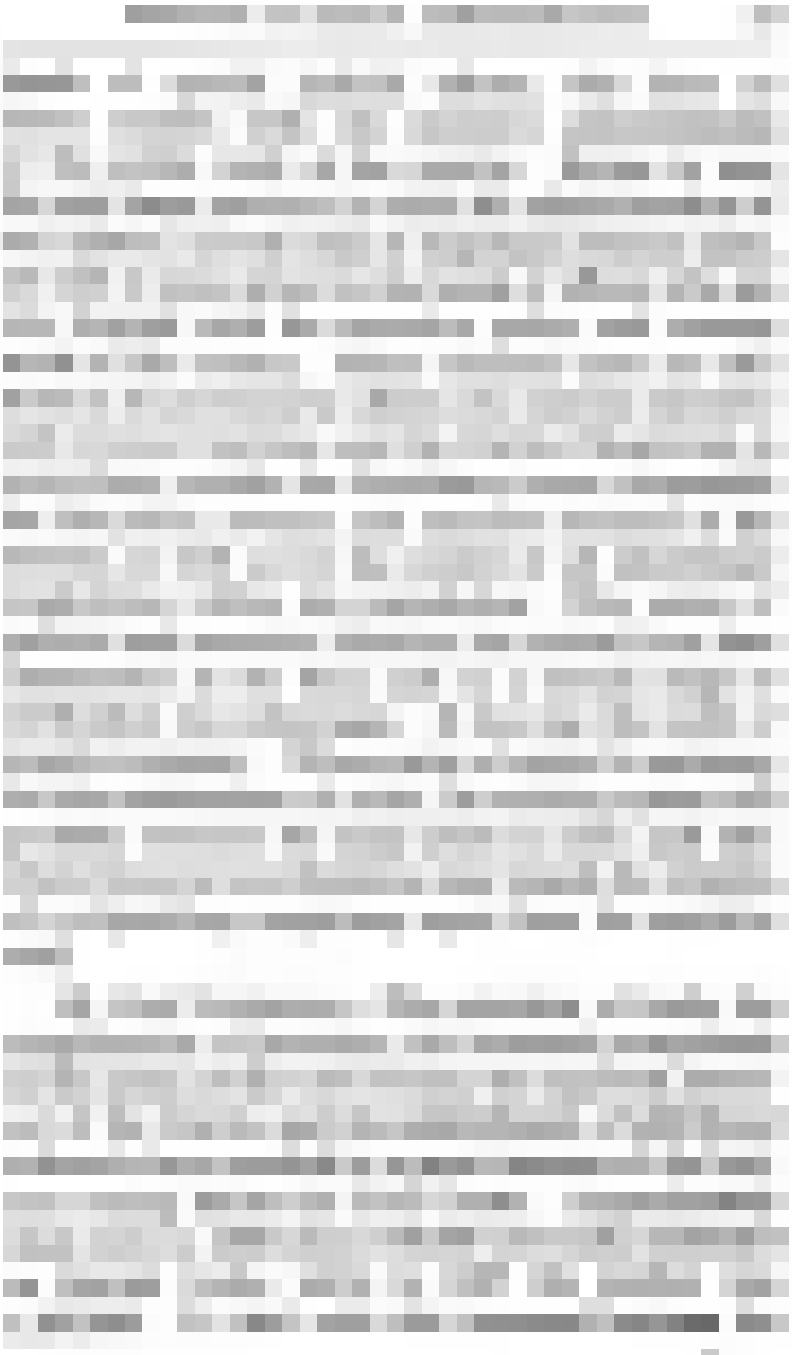


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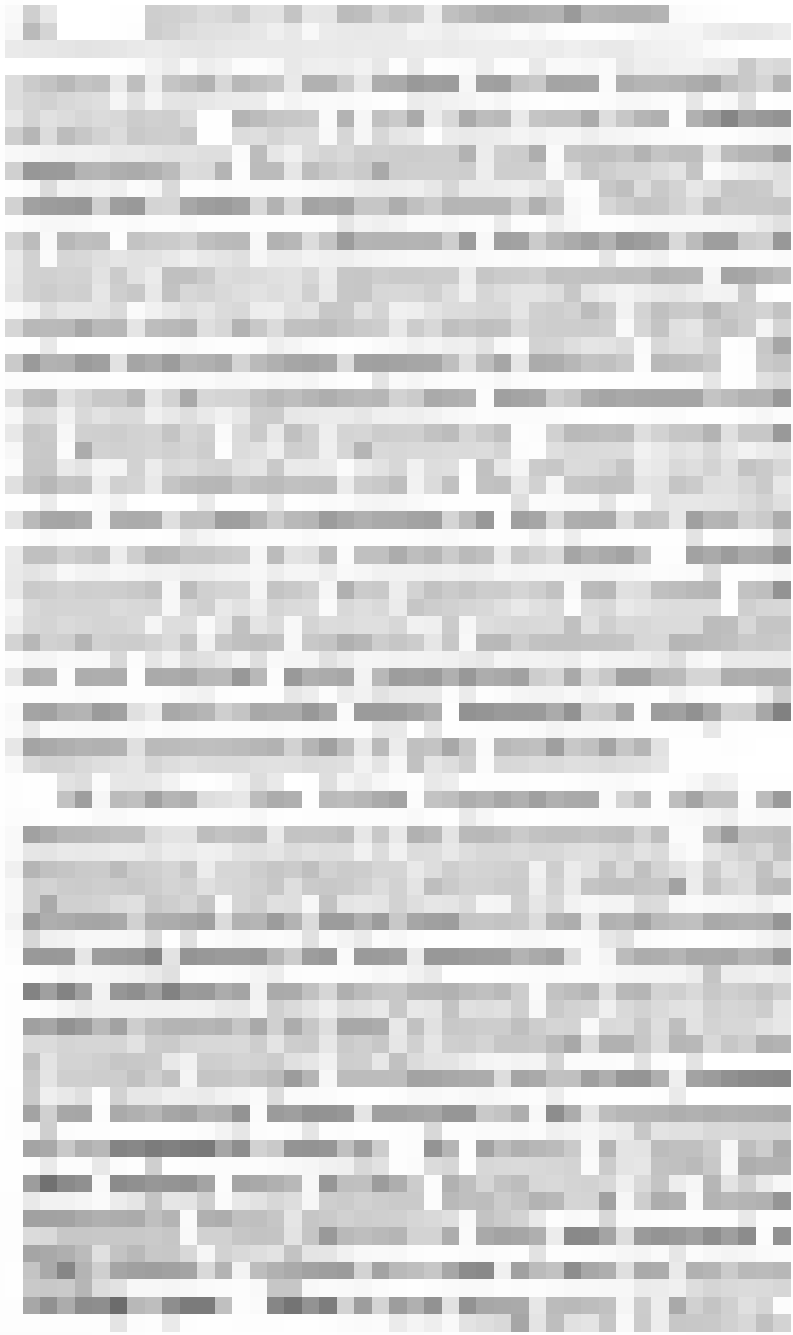


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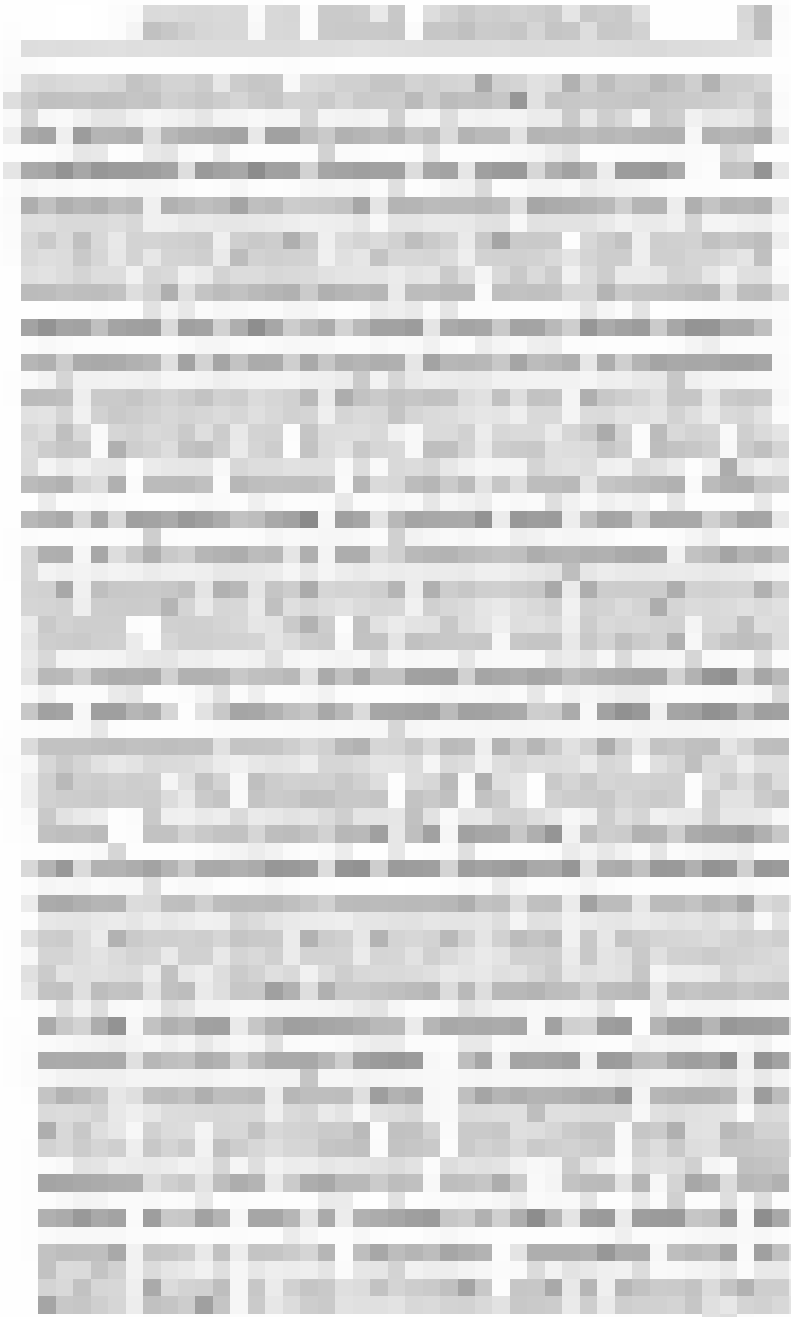
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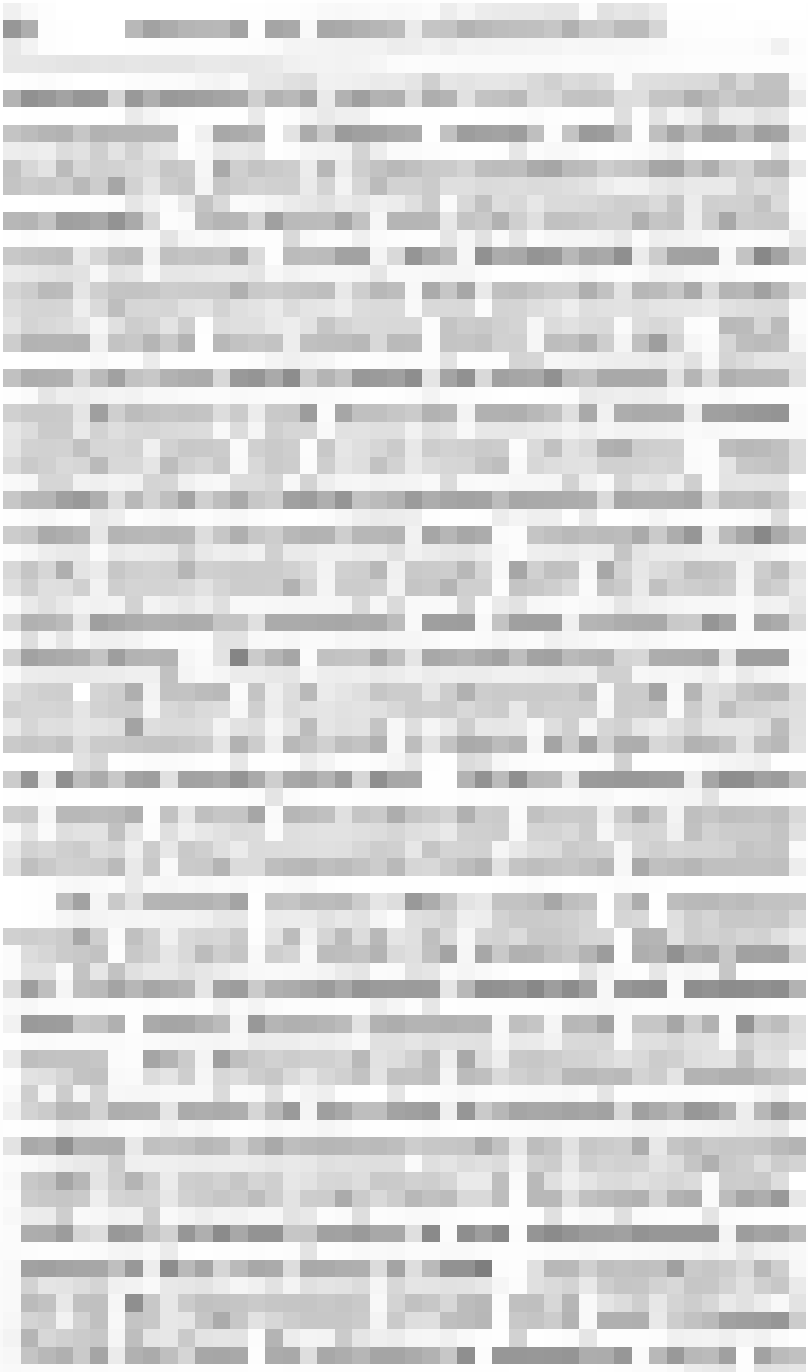
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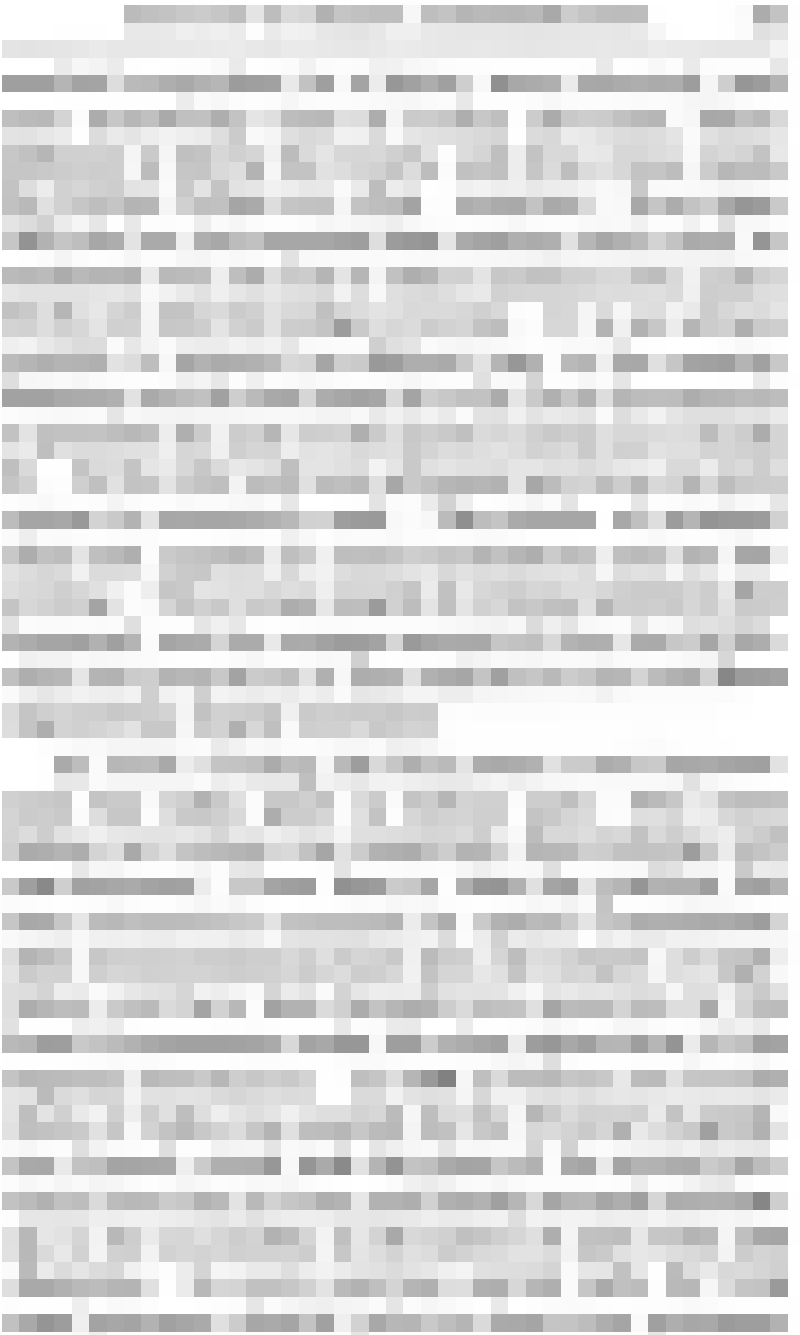
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resulted everywhere in a better, more educated, and more trustworthy class of Indian advocates, whose influence is felt by the Courts, and from whose ranks the Indian Judges are often recruited. Ever since 1861 the law has required that sessions trials shall be conducted with the aid of either assessors (who assist but do not bind the judge) or juries. It is not always possible to empanel an efficient jury in the country districts, and the law leaves it to the Local Government to prescribe the jury or the assessor system as it thinks fit. In the older and more advanced provinces the jury system is extensively used. The results of criminal trials and appeals are fairly satisfactory and are improving. The average length of criminal sentences has decreased, and the average amount of fines has fallen, while the proportion of fines realized to the total fines imposed has largely increased.

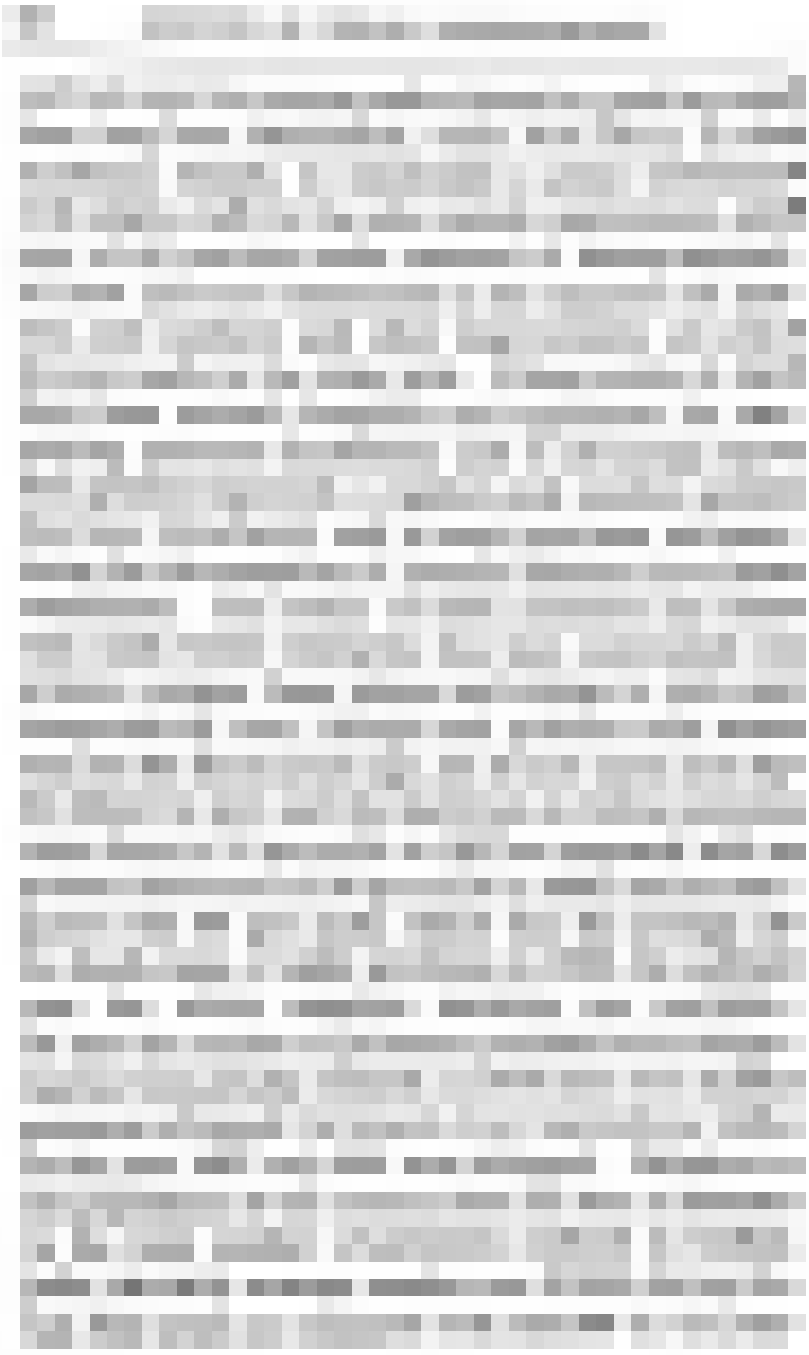
15. *Jails.*—During the fifty years a vast improvement has taken place in Indian jails. The early Indian jail system was insanitary, demoralising, and non-deterrent. From time to time the position has been exhaustively examined by special Commissions, their recommendations have been the subject of legislation, and have been brought into operation by the Local Governments under the close supervision of the Supreme Government. In 1894 a Prisons Act for the whole of India was enacted by the Viceroy's Legislative Council, which took the place of the several provincial laws then in force, and thereby secured uniformity, so far as possible, in the matter of jails rules and discipline. In every province central jails for long term prisoners, district jails for short term prisoners,

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and lock-ups for persons under detention pending trial have long been established; while Port Blair, in the Andaman islands, is constituted a penal settlement with ample staff for the safe custody, employment, and care of all convicts under sentence of transportation. All new jails are constructed on the separate cell system, and sanitary and other improvements are year by year made in the older jails. Prison scales of diet have been revised; hospitals and appliances for employing prisoners healthfully and to advantage have been greatly improved; a regular good conduct system has been introduced; and in most provinces reformatories for the reception of juvenile offenders have been established. The result of these measures has been that much better discipline has been maintained in prisons; escapes from prison and risings in jails are comparatively rare; though each prisoner costs more than he did thirty years ago, yet he now earns more by his labour in jail; and the death-rate in Indian prisons came down to 18 per mille in 1907 as compared with a prisons death-rate of 55 per mille in 1880, and as compared with 90 per mille, which was the average of the death-rates of eight provinces in 1863, the earliest year for which complete statistics are available. Of late the number of prisoners punished with whipping has been greatly reduced; in 1879 there were 21,933 prisoners whipped for breach of jail regulations, while in the year 1907 only 658 were whipped. Relative to the population of the country there has been a decrease in the total number of prisoners confined in Indian jails; the daily average number was 97,000 during the last four years as compared with 121,000 in the year



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Land Revenue and Surveys.

16. *Land Revenue.*—The land revenue system and the laws regarding land tenures closely concern the welfare and the interests of the mass of the population of India. During the past fifty years revised settlements of the land revenue demand have been made for long terms of years, on moderate and equitable principles, over nearly the whole of India outside the permanently settled districts. At these settlements there have been made careful surveys of all holdings and records of all rights in the land. The periodical settlements of the land revenue used to occupy from four to ten years in each district, and to cost Rs. 400 per square mile, while they involved considerable harassment to the people. Now, by reason of the care taken in maintaining the village records, and in consequence of improved processes, the resettlement of a district occupies from one to three years, costs Rs. 100 per square mile, and involves comparatively little harassment to the people. Since 1856 the cultivated area has more than doubled in thinly peopled tracts like Burma and Assam; it has increased by 30 to 60 per cent. in the Central Provinces, Berar, and parts of Bombay; even in the thickly peopled province of Oudh it has increased 30 per cent. In the Punjab and Sind great tracts of

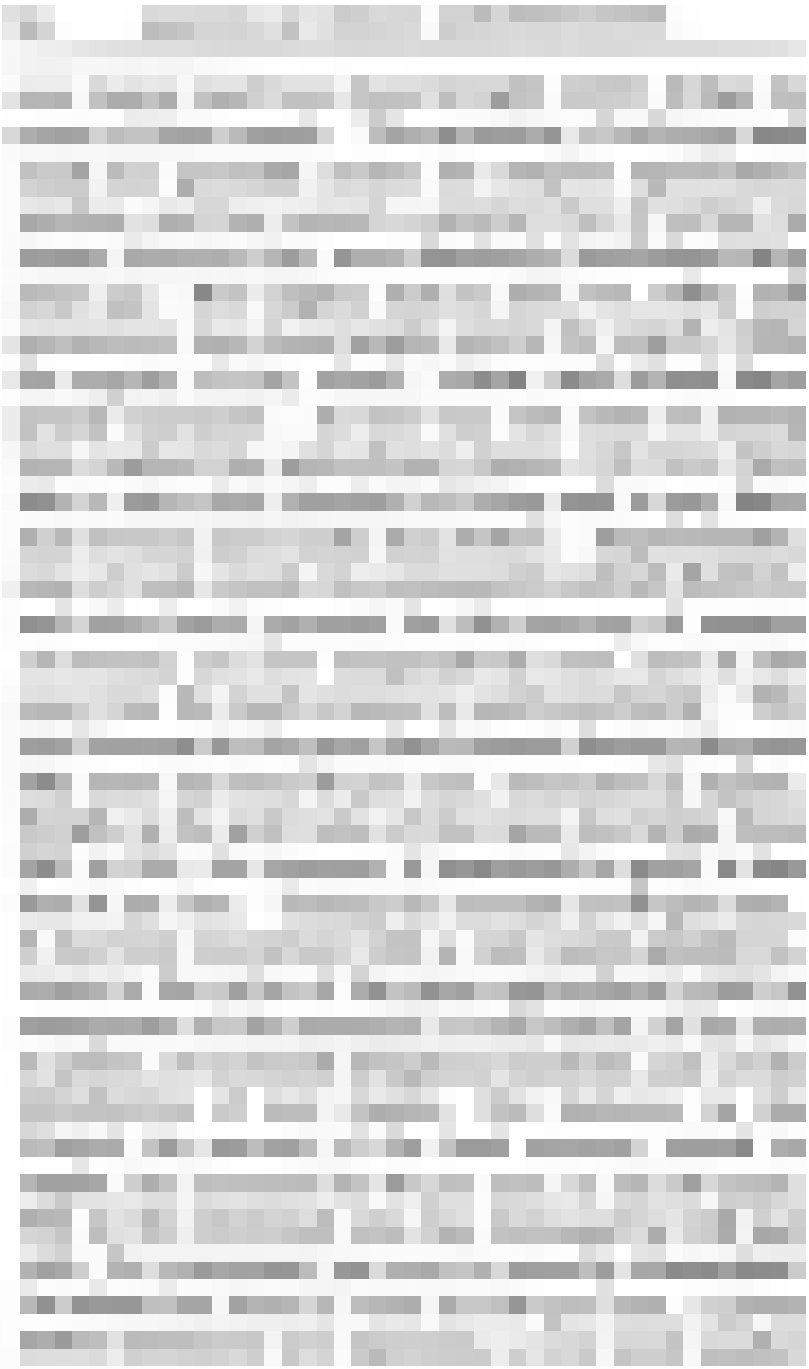


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once barren land have been brought under tillage by means of State canals. The extension of railways and roads has provided outlets for surplus agricultural produce, and has caused a general rise of prices in remote districts that were absolutely landlocked fifty years ago. New staples, such as jute, tea, coffee, and ground-nut, have been largely grown for export, while the exports of rice, wheat, cotton, and oilseed have greatly increased. In this way vast sums of money have reached the agricultural classes, who have been able to raise their standard of living and to pay their land revenue more easily than before. Imprisonment, sales of land outside the permanently settled districts, and other harsh processes for the recovery of arrears of revenue, are now comparatively rare, and at the same time the land revenue is paid punctually. The total increase in the gross land revenue during the past fifty years has been 60 per cent., measured in rupees; though, as the gold value of the rupee has fallen from 24*d.* to 16*d.*, the increase, if measured in gold, is less than 6 per cent. Taking the increase at 60 per cent., it has been concurrent with a very much greater increase in the value of the gross agricultural yield in consequence of the extension of cultivation, of the rise in prices, of increased irrigation facilities, and of the introduction of new staples. For instance, in the Punjab the amount of the land revenue, stated in rupees, has increased by 80 per cent. in the 50 years. But as the cultivated area has increased by 100 per cent., the assessment per acre is actually diminished. As wheat has risen in value by 100 per cent., a given money assessment now represents a very much smaller

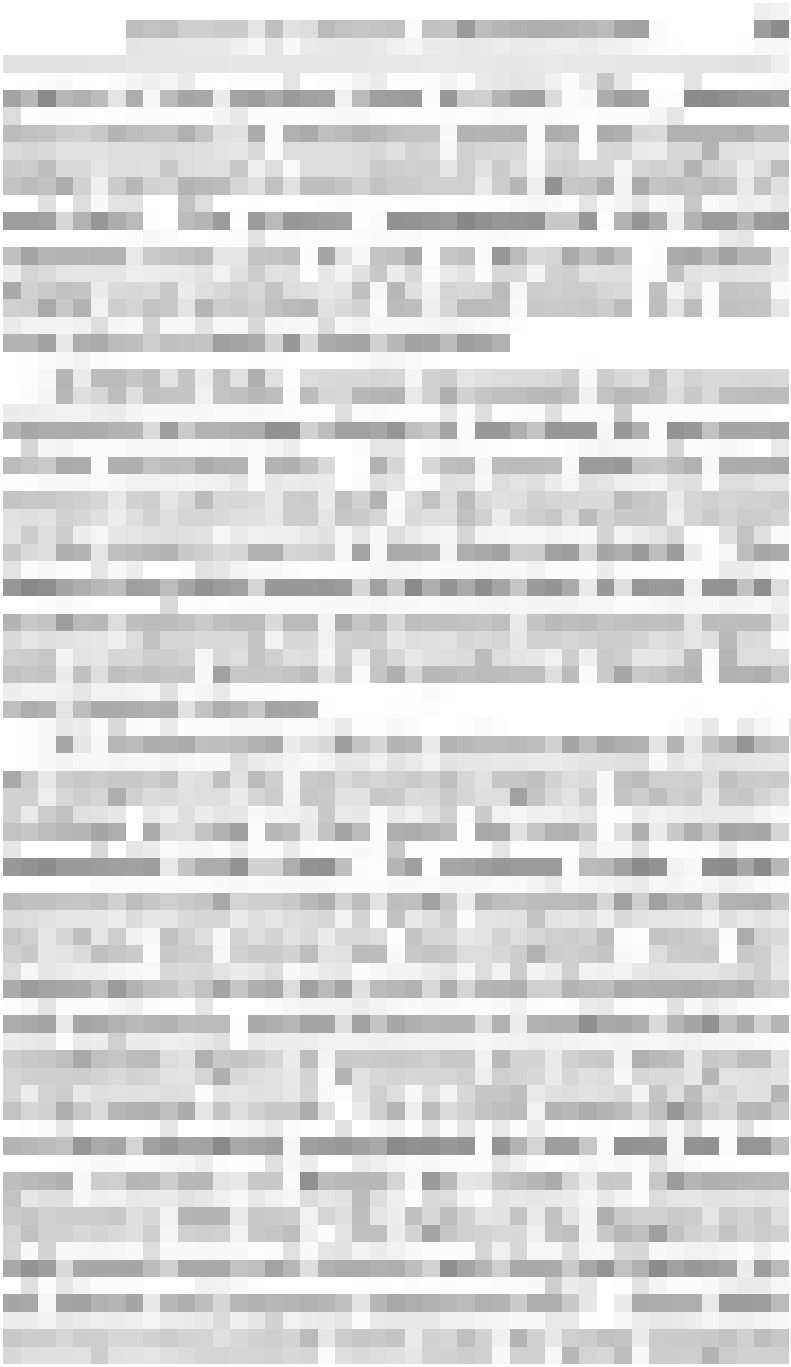


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portion of the produce than in 1858. The famous land settlement of Hindustan made by the Emperor Akbar was based on one-third of the gross produce of each field. The present assessments of the Punjab represent from $\frac{1}{10}$th to $\frac{1}{14}$th of the gross produce. Eighty years purchase of the land revenue is a common price for land in that province.

In British India at large the present land revenue represents an average charge of less than 2*s*. per acre of the cultivated area. In the year 1856 the land revenue was above one-half of the total public income of the country; now it is less than one-fourth. The basis of the public income is broader than it was, while, as above explained, the land revenue assessments represent a smaller portion of the produce of the soil than was formerly the case.

17. *Tenant-right.*—By the ancient custom of India the occupiers of the soil had the right to retain their holdings, so long as they paid the rent or revenue demandable from them. In southern India, where most of the land is held by petty occupiers direct from the State, this custom has been respected from the beginning of British rule; and in both the permanently and temporarily settled districts of northern India a considerable degree of protection has now been given to the tenants or ryots. Up to 1859 tenant-right had not been adequately safeguarded by law, and for the great Province of Bengal the Court of Directors reported in 1858 that "the rights of the Bengal ryots had passed away *sub silentio*, and they had become, to all intents and purposes, tenants-at-will." Since 1858 laws have been passed which make the petty occupiers



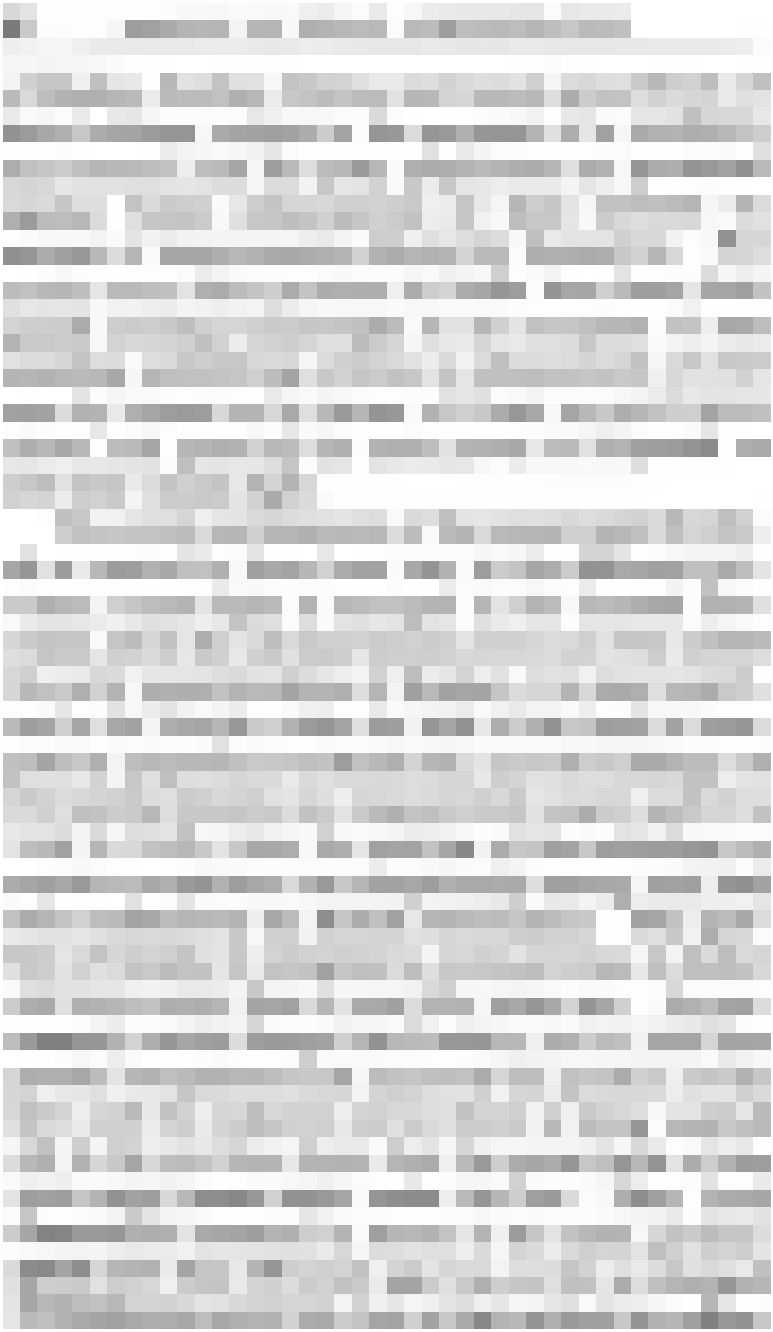
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The extent and character of the tenant-right declared or created by these laws vary in the different provinces; tenant-right is strongest in the Central Provinces, where the old land tenures were not very unlike the petty proprietorships of Bombay; it is less important in the Punjab, where the bulk of the land is occupied by proprietary brotherhoods, and the holdings of rent paying tenants are comparatively small, and it is weak in Oudh, where the position of the talukdars or superior proprietors was exceptionally strong, and had been confirmed by the British Government. The position of tenants or occupiers in every province is better and more secure than it was fifty years ago. In permanently settled Bengal the Tenancy Act of 1885 has greatly strengthened and improved the position of the ryot; and the cadastral survey which is being carried out in the province shows that the great bulk of the ryots enjoy tenant-right under the law. Thus Lord Cornwallis's intention in favour of the ryots, promulgated more than 100 years ago, has, so far as changed circumstances permitted, been at last carried into effect,



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Heads of Revenues.

19. *Salt Tax.*—From time immemorial a tax on salt has been a source of revenue in India, and it has been held that at the present time it is the only impost which falls upon an Indian of moderate means who neither holds land nor goes to law, nor consumes liquor or opium. It represents an average annual payment of $2\frac{1}{2}d.$ per head. In 1858 the salt tax was Rs. $2\frac{1}{2}$ a maund (about 82 lbs.) in Bengal, one rupee a maund (including cost of manufacture) in Madras, 12 annas in Bombay, and Rs. 2 a maund in Northern India; in 1859 the rates were raised to Rs. 3, Re. 1, and



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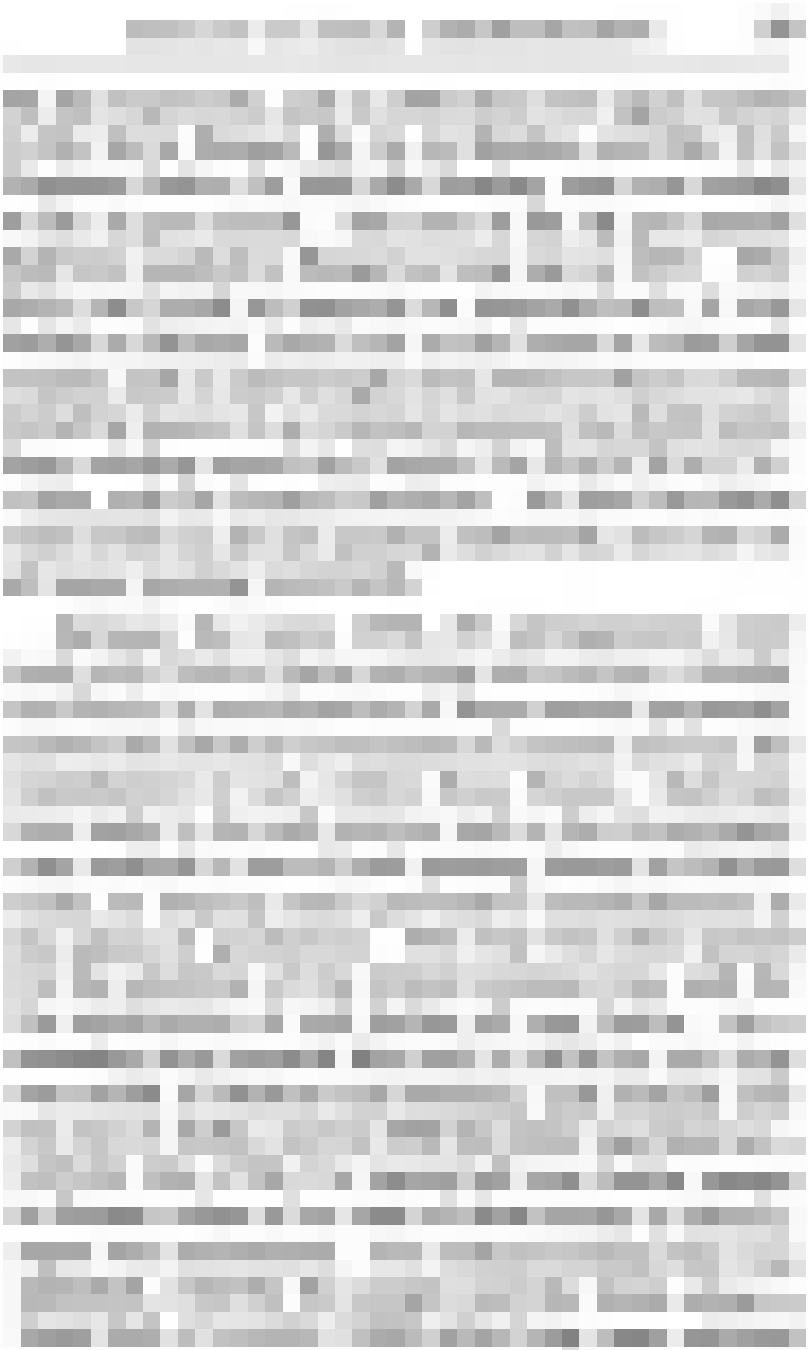
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Between the years 1870—78 arrangements were made with Native States owning salt sources, whereby the Chiefs, in consideration of large annual payments, allowed the British Government to control and tax the manufacture of salt within those States. Railways were made to the salt sources, and so the Government were enabled to tax all salt passing thence to British India, by keeping small preventive establishments at the places of production. The way was thus opened for the abolition of the inland customs line, and for the equalisation of salt duties all over India. As a necessary step towards this end, in 1878 the salt duty was raised in Madras and Bombay, and reduced over the rest of India; and in 1882 the duty was fixed at a uniform rate of Rs. 2 a maund all over India, except in Burma, where a low rate of three annas or about ⅕ rupee was maintained. The inland customs line was abolished, whereby the people and the trade along a broad belt of country, 2,000 miles long, were relieved



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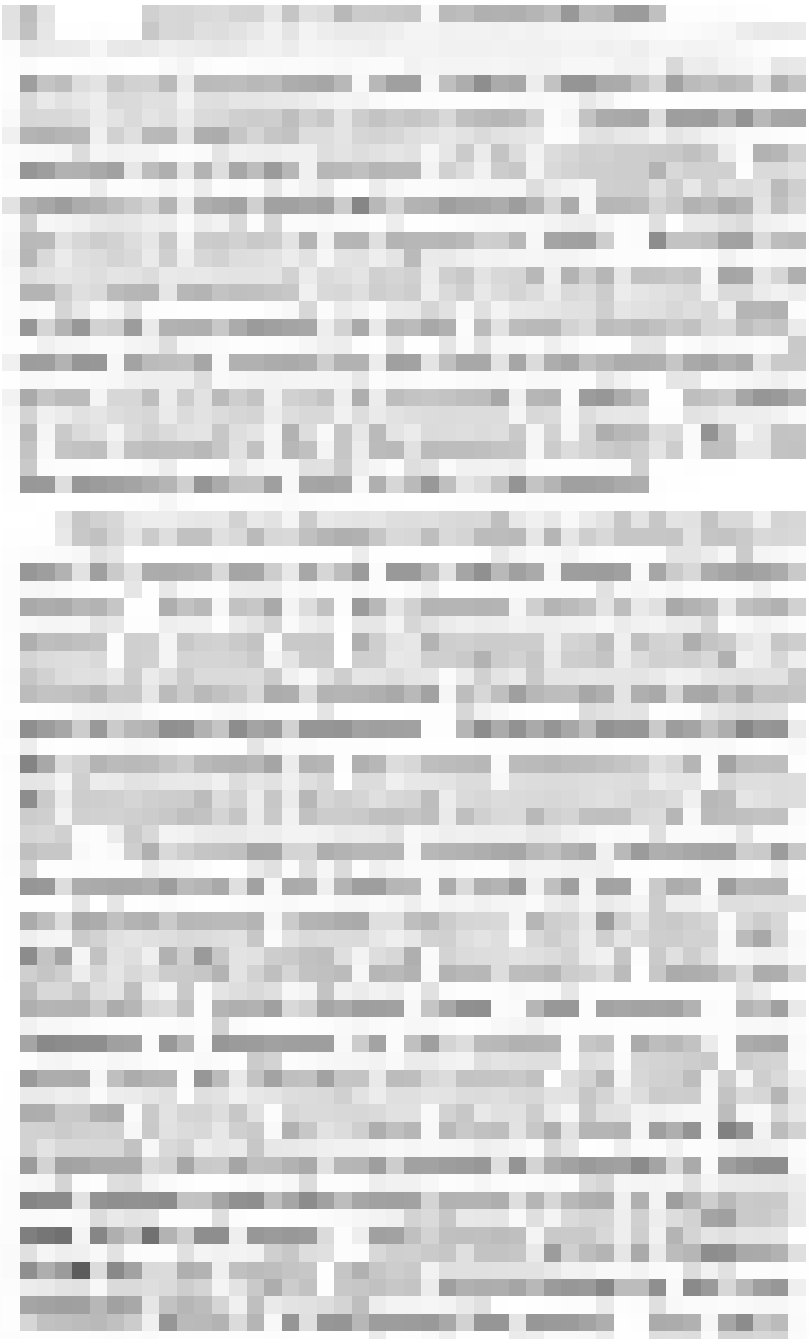
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Salt is now far cheaper in India as a whole than it was 50 years ago, or at any earlier stage of Indian history. Not only is the present rate of duty the lowest on record, but the cheapness and facility of transport which the extension of railways has secured was in former days unknown. Between 1903 and 1908, the period covered by the recent reductions of duty, the consumption of duty-paid salt increased by 22 per cent. The average annual consumption, reckoned on the population of all India, is now 12 lbs. per head, or approximately double what it was 50 years ago. Salt is a bulky article, and most parts of India are hundreds of miles distant from salt sources. For instance, at Nagpore, in the middle of India, 500 miles from the Bombay salt sources, salt used to be retailed at 11 lbs. per rupee, when the duty was Rs. 3 a maund; the railway was opened to Nagpore in 1866, and within a year the ruling price of salt at Nagpore was 19 lbs. per rupee. The present price at Nagpore is 30 lbs. per rupee, which approximates to the not excessive price of a halfpenny the pound. The effect

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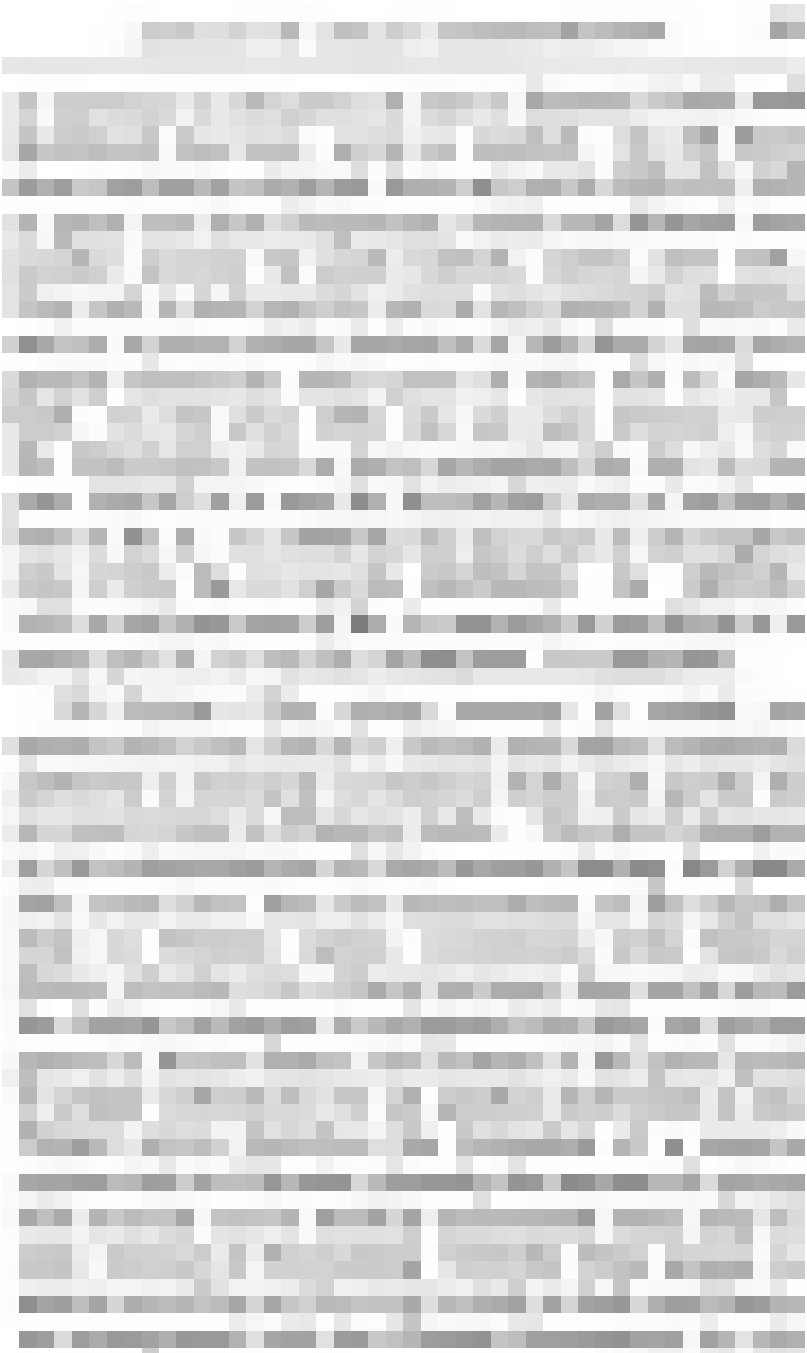


of railways on the price of salt in Eastern Oudh and Rohilkund has been quite as marked. In old days those territories obtained their salt with difficulty and at great cost from Rajputana, which was distant two months' journey by pack bullock, camel, and cart. Now, salt is delivered by rail in any quantity desired, and at a price which, inclusive of the duty, does not greatly exceed the retail price of table salt in England. In the year 1861 the net salt revenue was Rs. 39,410,000, with a duty averaging Rs. $2\frac{1}{2}$; in the year 1886-87 it is was Rs. 61,710,000, with a uniform rate of Rs. 2. In 1902-03, the last year of the higher rate of Rs. $2\frac{1}{2}$, it was Rs. 83,790,000. In 1907-08, with a uniform rate of Re. 1 a maund, or one-fifth of a penny per lb., it was Rs. 50,000,000, or 3,333,000*l.*

20. *Opium.*—The opium revenue is raised on opium sent from India to China and other countries, partly by a monopoly in Eastern India and partly by an export duty in Western India. The chief changes in the administration of this revenue during the past fifty years have been the enhancement of the export duty on Bombay opium; conventions with Native States, whereby, for a liberal payment, they unite with the Indian exchequer to safeguard the duty on opium grown in Native States; the increase of the price paid to poppy cultivators for all produce delivered at the Bengal opium factories; the formation of a reserve opium stock in Calcutta, whereby the amount of opium sold monthly can be steadily maintained from year to year, instead of fluctuating violently from season to season according as the crop is good or bad; and lately an arrangement with the Chinese Government for the

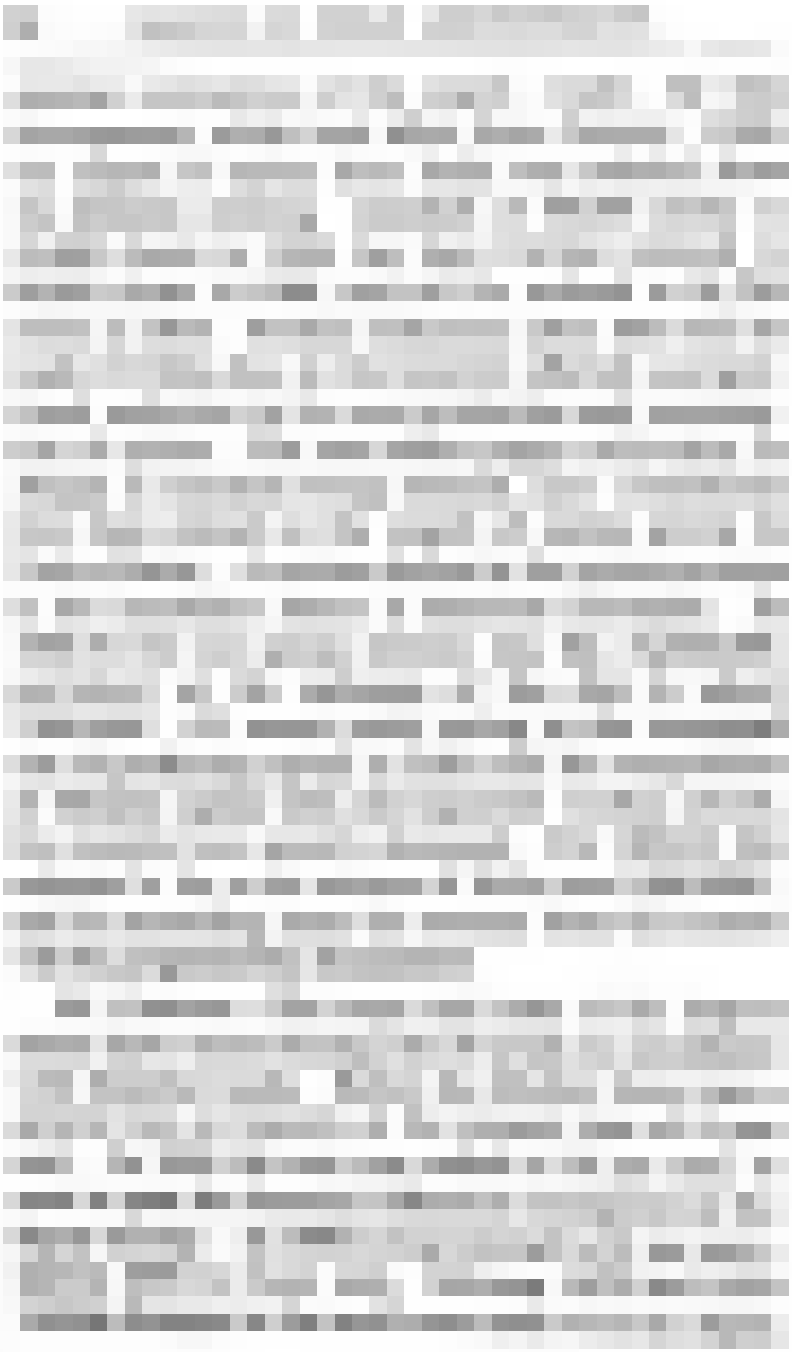
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gradual contraction of the export trade. By this arrangement, which took effect from January 1908, the export of opium from India was reduced from the hitherto existing standard of 66,000 chests to 61,900 chests in 1908, has been further reduced to 56,800 chests in 1909, and will be reduced to 51,700 chests in 1910. Further reductions after 1910 will be made if China has, in the interval, effected a proportional reduction in its own production and consumption of opium. The area under poppy cultivation in Bengal is similarly being reduced, and restrictions have been placed on the export of opium grown in Native States. A serious decline in the opium revenue in the immediate future is therefore inevitable. In 1880-81 the net opium revenue was Rs. 84,000,000, equivalent at the exchange of the day to about 7,000,000*l.* Of recent years, owing to the increased cost of producing opium in India and the competition of Chinese opium with the imported Indian article, the receipts have greatly decreased. For 1909-10 the estimate is for a net revenue of little over 3,300,000*l.*, and in succeeding years the revenue from this source will be progressively diminished.

21. *Customs.*—The scope and rates of the import duties have varied during the 50 years in accordance with financial needs. Before the Mutiny there was a general tax on imports at the present rate of 5 per cent. In 1859 the rate was raised to 10 per cent. to meet in part the financial difficulties consequent on the Sepoy mutiny. In 1864 it was lowered to 7½ per cent., and in 1875 to 5 per cent. Between 1875 and 1879 various changes in the tariff were made with the object

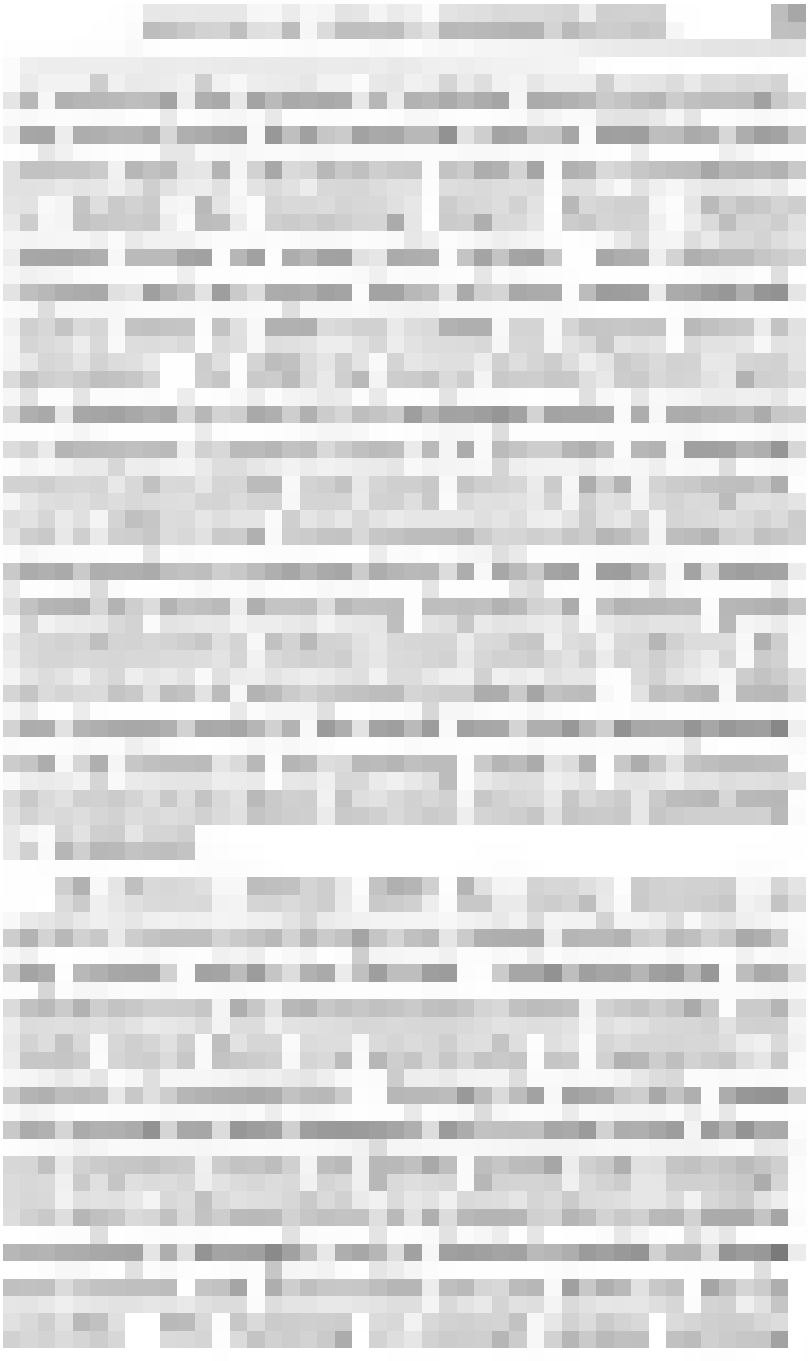


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of reducing the number of articles taxed and exempting cotton goods from taxation, and in 1882 the prosperous state of the finances enabled the Government to abolish the remaining import duties. Special import duties on arms, salt, opium, and alcoholic liquors, and an export duty on rice, were retained, and to these in 1888 was added an import duty on petroleum. In 1893 the heavy burden thrown upon the finances by the fall of exchange made it necessary to reimpose a general duty of 5 per cent. on imports. Cotton piece goods and yarns were at first exempted, but in 1896 it was found necessary to subject imported piece goods to a customs duty of $3\frac{1}{2}$ per cent., a corresponding excise duty being imposed on similar goods manufactured in Indian cotton mills, in order to deprive the tax of any protective character. Since 1896 the changes made in the tariff have been unimportant, but, by reason of the growing trade of the country, the yield of the duties has risen from about 3,000,000*l.* to 5,000,000*l.*

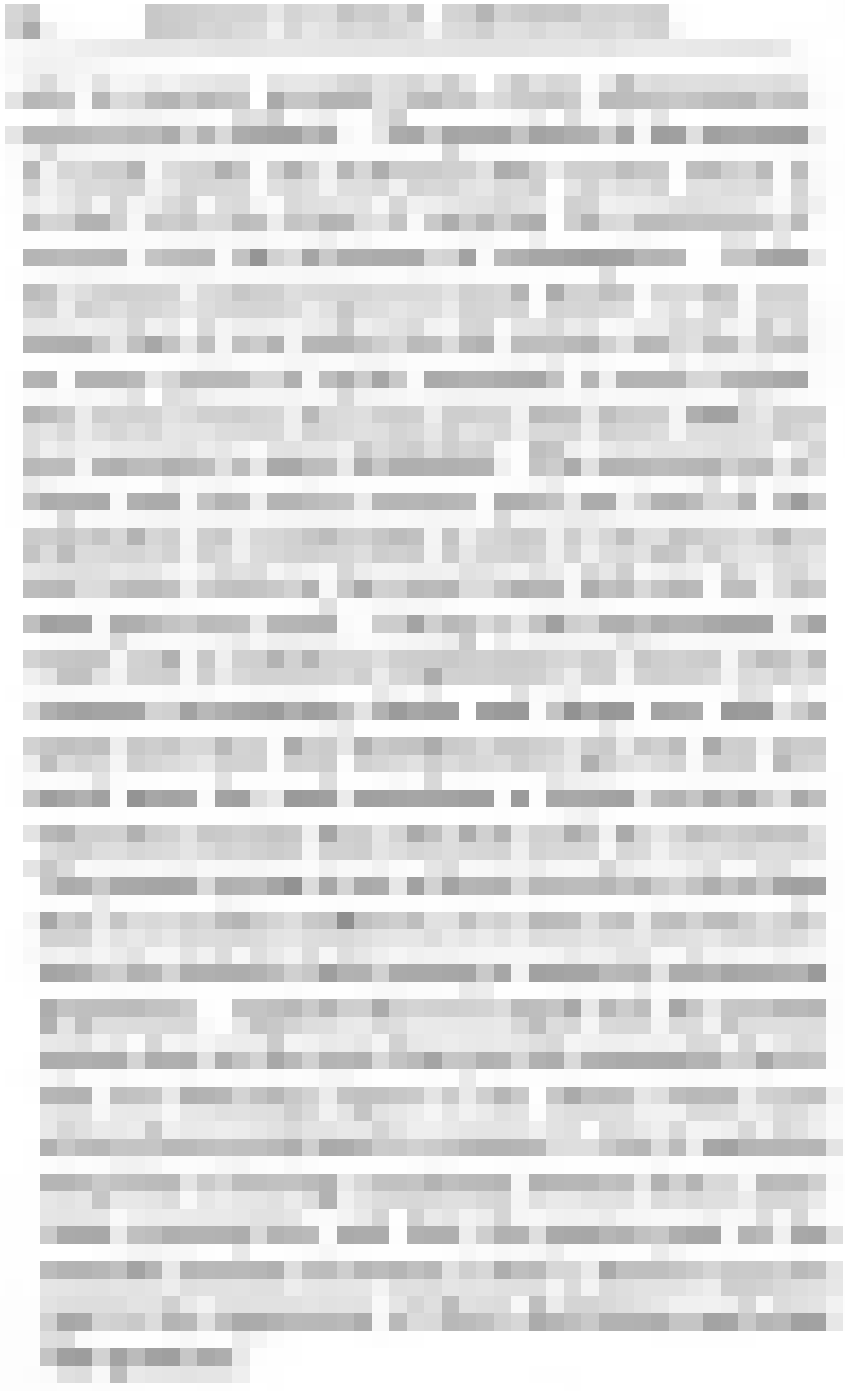
22. *Excise.*—Before 1858 the excise revenue on spirits, liquors, and drugs was raised under the farming system, which the British Administration had inherited from the Muhammadan rulers of India, and under which there was practically no regulation or control of consumption. During the past fifty years this system has been changed, and in most cities, towns, and populous tracts all spirits passed into consumption pay a still-head duty, or an import duty per gallon, according to strength; only a limited number of shops are licensed, and illicit stills are put down as far as possible. The farming or contract system survives



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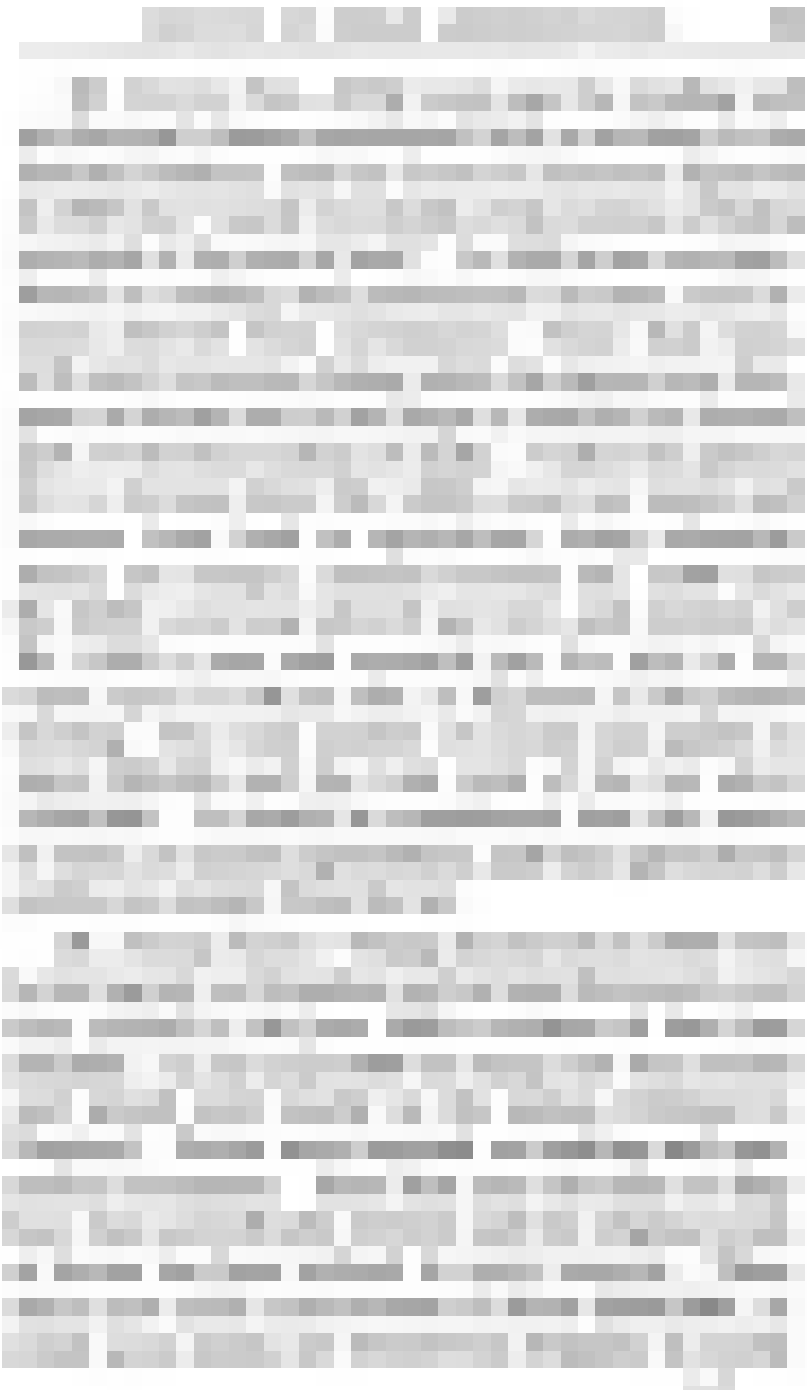
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23. *Income Tax.*—Fifty years ago the trading and professional classes contributed little or nothing to the national burdens, and the Court of Directors reported in 1858 that "nearly two-thirds of the revenue of India consisted of the rent of land." In 1860 a tax was introduced on trading and professional incomes, and incomes derived from investments. Since that time, with short intervals, during which the impost was foregone, an income tax in one shape or another has formed part of the fiscal system of India. Under the present law no incomes below Rs. 1,000 a year are taxed, and incomes from land or agriculture, being otherwise taxed, are exempt; incomes between Rs. 1,000 and Rs. 2,000 a year pay about 2 per cent., and incomes of Rs. 2,000 a year and upwards pay five pies in the rupee, equal to 2·6 per cent. or $6\frac{1}{4}$ pence in the pound sterling. The total number of income tax payers is about 250,000, and the total yield of the tax about 1,500,000*l.* It should be remembered that the assets of India are mainly agricultural, and that agricultural profits are exempt from the tax.

24. *Stamp Duties.*—Stamp duties before 1858 were levied mainly on litigation and on legal documents, and they yielded in the year 1859 a revenue of less than 750,000*l.*. In the year 1860 the stamp law was revised and placed more nearly on the system followed in England. Duties were imposed on trading and commercial documents. Since that year the rates of duty have been periodically revised, and the original scale of duties has been reduced in many respects. These duties now yield a net revenue of about 4,300,000*l.*, of which seven-tenths are levied from litigants in courts



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Forests.

25. *Forest Conservancy.*—In 1858 a beginning had been made in the direction of preserving the State forests and securing a forest revenue in parts of Burma and Madras. There were great areas of forests, copse, and waste belonging to the State in every province in India, but little attempt had been made either to prevent wasteful destruction of forests, to promote reproduction, or to secure supplies of timber, firewood, or other forest products for the use of future generations. Since 1858 the forest system begun by Sir D. Brandis in Pegu and Tenasserim has been extended to every province in India; forest laws have been enacted for every province, a staff of trained forest officers has been organised; 92,000 square miles of State forests have been marked off as forest reserves, which are to be husbanded and managed as public properties for the benefit of the country at large and of the people living in their vicinity. Fire is excluded from these forests; systematic working for timber, for firewood, and for other purposes has been introduced; tribal and other rights or claims in the forest reserves have been bought up or adjusted; plantation and reproduction of timber and firewood are being scientifically conducted. Meanwhile, a considerable forest revenue has been fostered. The total forest revenue of British India

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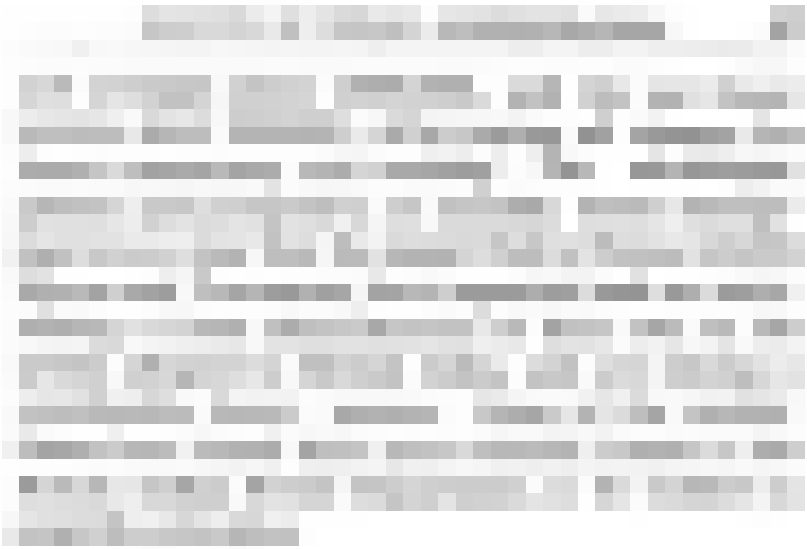
Post Offices and Telegraphs.

26. *Post Office.*—Before 1858 a postal system on the English model, with a uniform low stamp for all distances, had been introduced into India, and since that year the postal system has been greatly extended and improved. In 1856 there were 36,000 miles of postal route, now there are nearly 160,000 miles; in 1856 there were 750 post offices and boxes, now there are about 70,000; then 33 millions of letters, packets, and newspapers passed yearly through the post office, now the number exceeds 800 millions. At the same time the post office has undertaken a vast amount of new work connected with money remittances, parcel insurance, savings banks, and other public requirements. The extent to which Indians of all races use the post office has increased amazingly. A letter now travels safely for a half-anna ($\frac{1}{2}d.$) stamp, and a postcard for a quarter-anna (farthing) stamp, over a distance of 3,000

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Of the miscellaneous work performed by the post office the business of money orders and of savings banks is the most important. In 1858 the Government had opened no savings banks for the public. Now there are over 8,000 savings banks, with about 1,200,000 depositors, of whom nine-tenths are Indians, and the total value of deposits is about 10,000,000*l.* Money orders to the amount of about 25,000,000*l.* a year are annually issued.

27. *Telegraphs.*—In 1857 there were 3,000 miles of single telegraph wire in India, and a few score of telegraph offices. There is now a total length of 69,000 miles of line, with 270,000 miles of wire; there are 7,000 telegraph offices, and 12 million messages annually pass over the wires. The fee for a short message, irrespective of distance, which may reach 3,000 miles, is four annas (equal to 4*d.* in English money), or about one-eighth of the rates charged in 1856. The telegraph receipts yield a surplus after meeting all current charges for maintenance and working (exclusive of charges for new construction), varying from 2 to 3 per cent. on the capital outlay of about 6,600,000*l.*

Hospitals and Sanitation.

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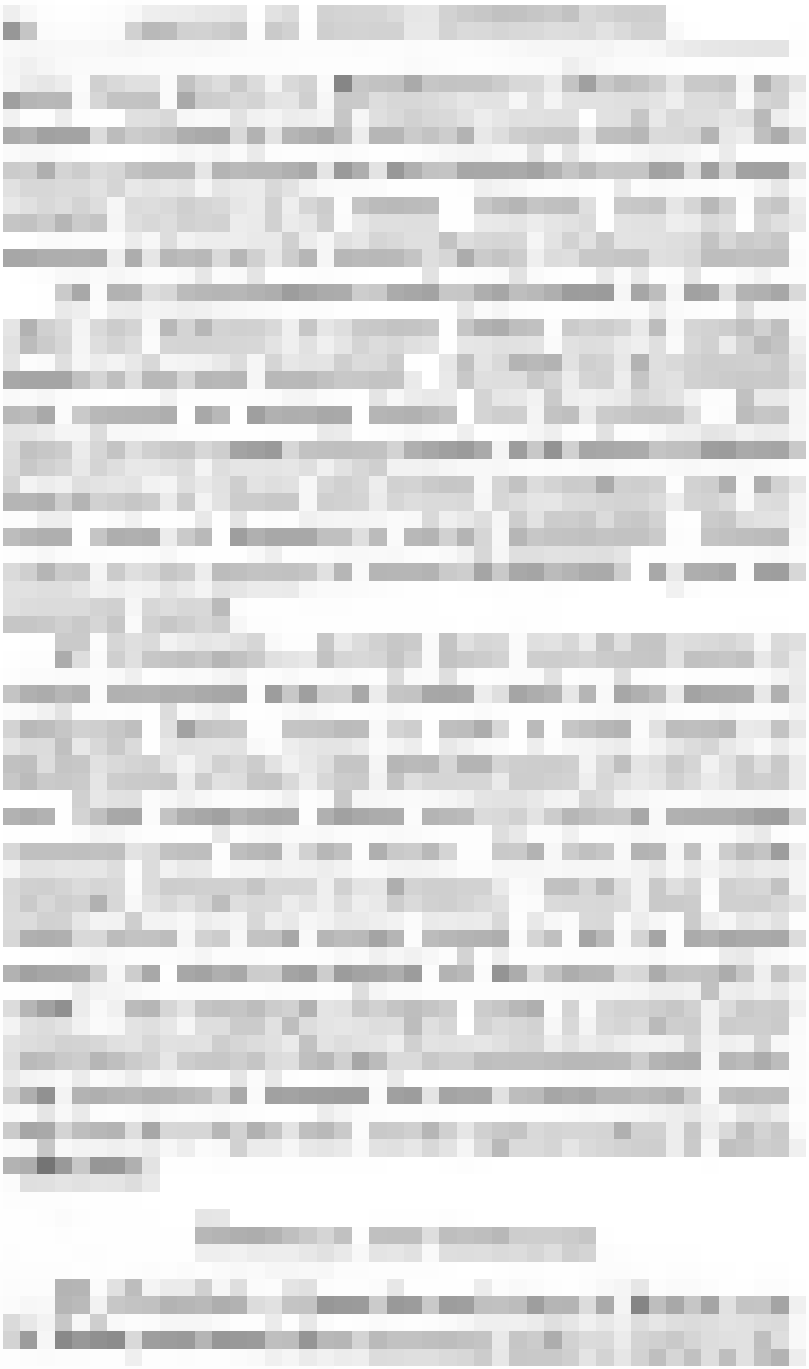
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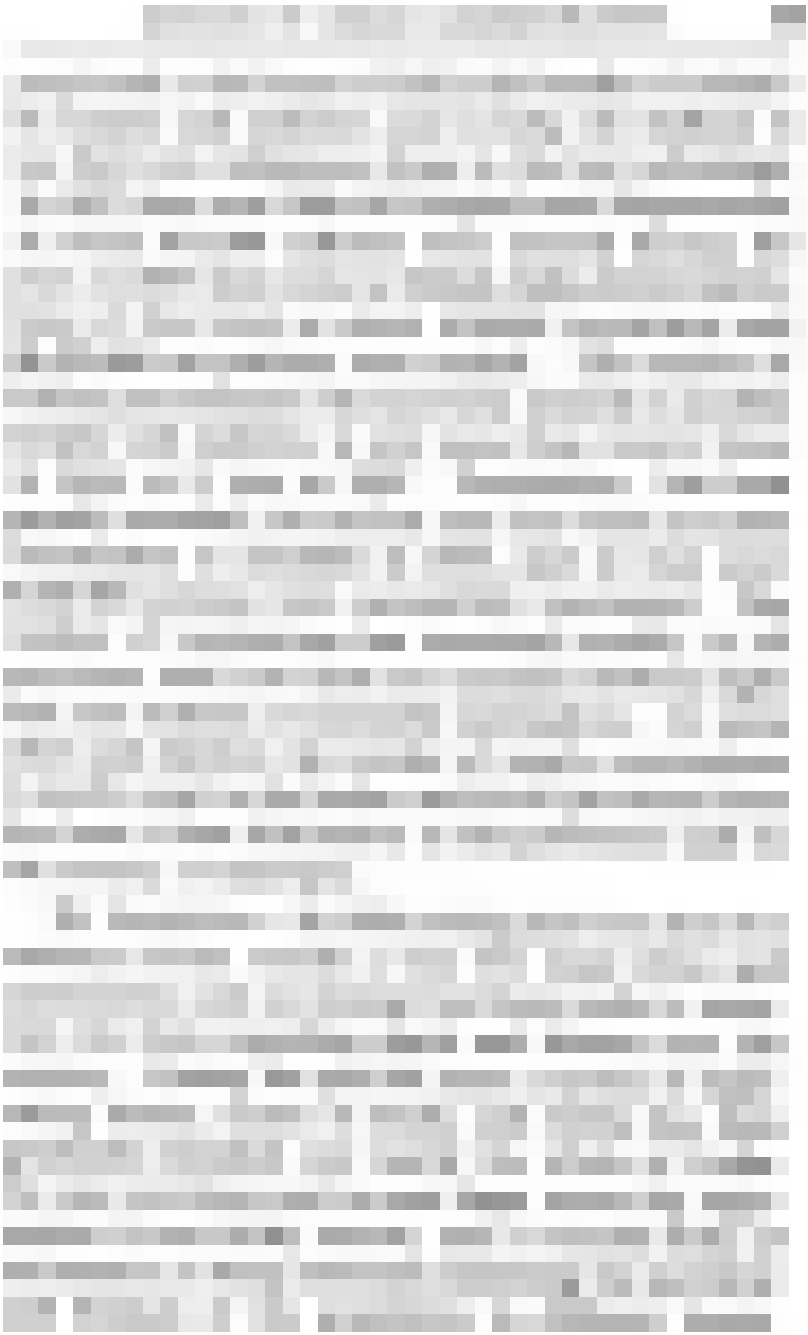


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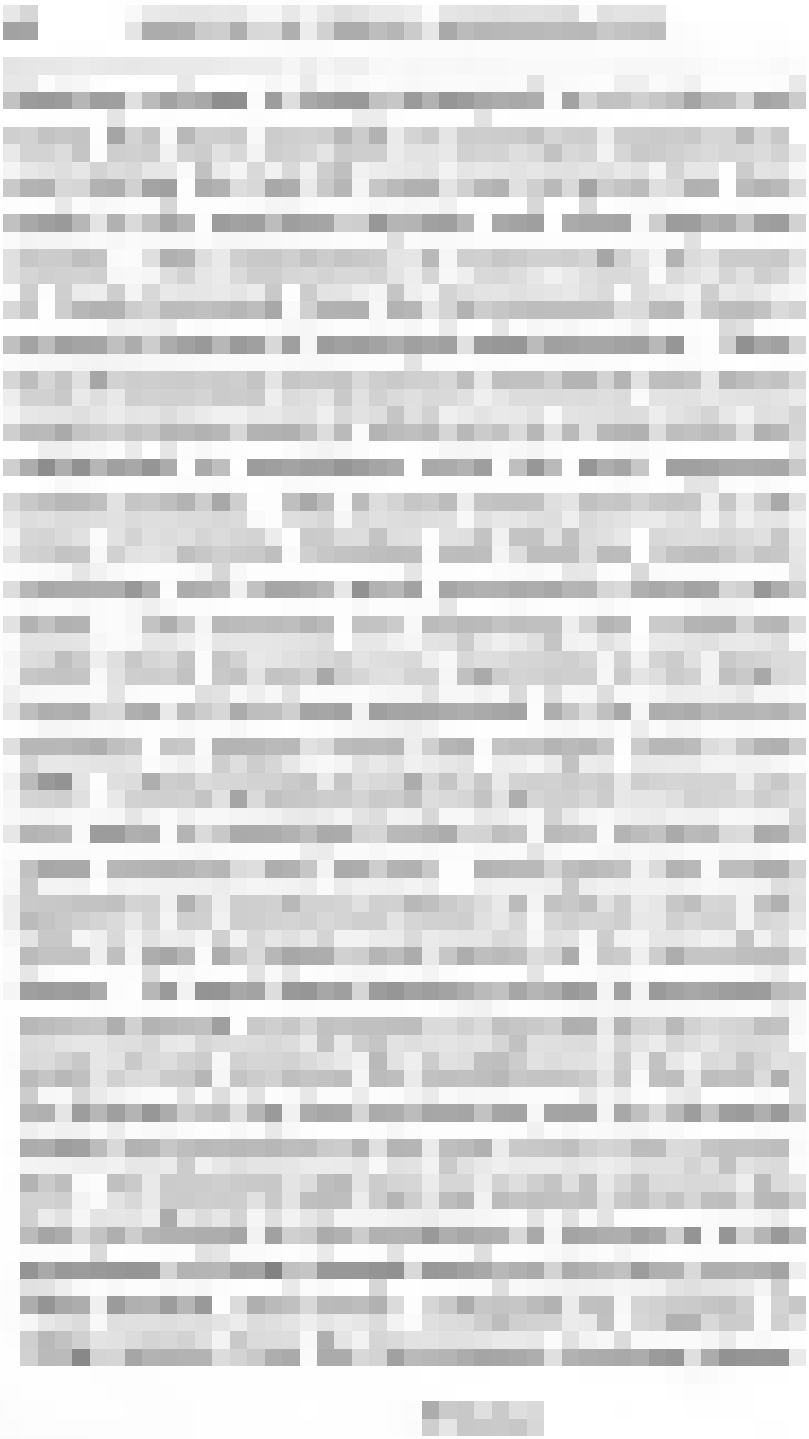
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Sanitary reform is being attempted in all cities and towns that have any kind of municipal organization, and during the last 20 years real progress has been made in the maritime capitals and other important centres. The construction of water-works, by means of funds borrowed from the Government, has been a successful feature of municipal administration. More than 80 municipal towns are now furnished with water supply systems, many of which are on a large scale and constructed in accordance with the most approved modern methods. But in most towns, and even in the cities of Calcutta, Bombay, and Madras, insanitary conditions still cause much preventable disease and death. The necessity for improving the conditions under which the people live, especially in the larger towns, has of late been emphasised by the calamitous epidemic of plague which has ravaged India since 1896. Liberal grants-in-aid from general revenues are now made to municipal bodies for this purpose, and great attention and trained intelligence are being applied to the sanitary problems of Indian urban life with, it may be hoped, good results in the immediate future. In rural tracts sanitary reform is necessarily more backward, and progress is impeded by the inadequacy of local revenues, the insufficiency of the staff at the disposal of the local authorities, and by old-seated habits and prejudices on the part of the rural population. It cannot be said that any marked reduction has been yet effected in the recurrence of cholera or in the prevalence of fever, though small-pox has been perceptibly checked, and fevers mitigated by supplies of cheap quinine from the Government cinchona planta-

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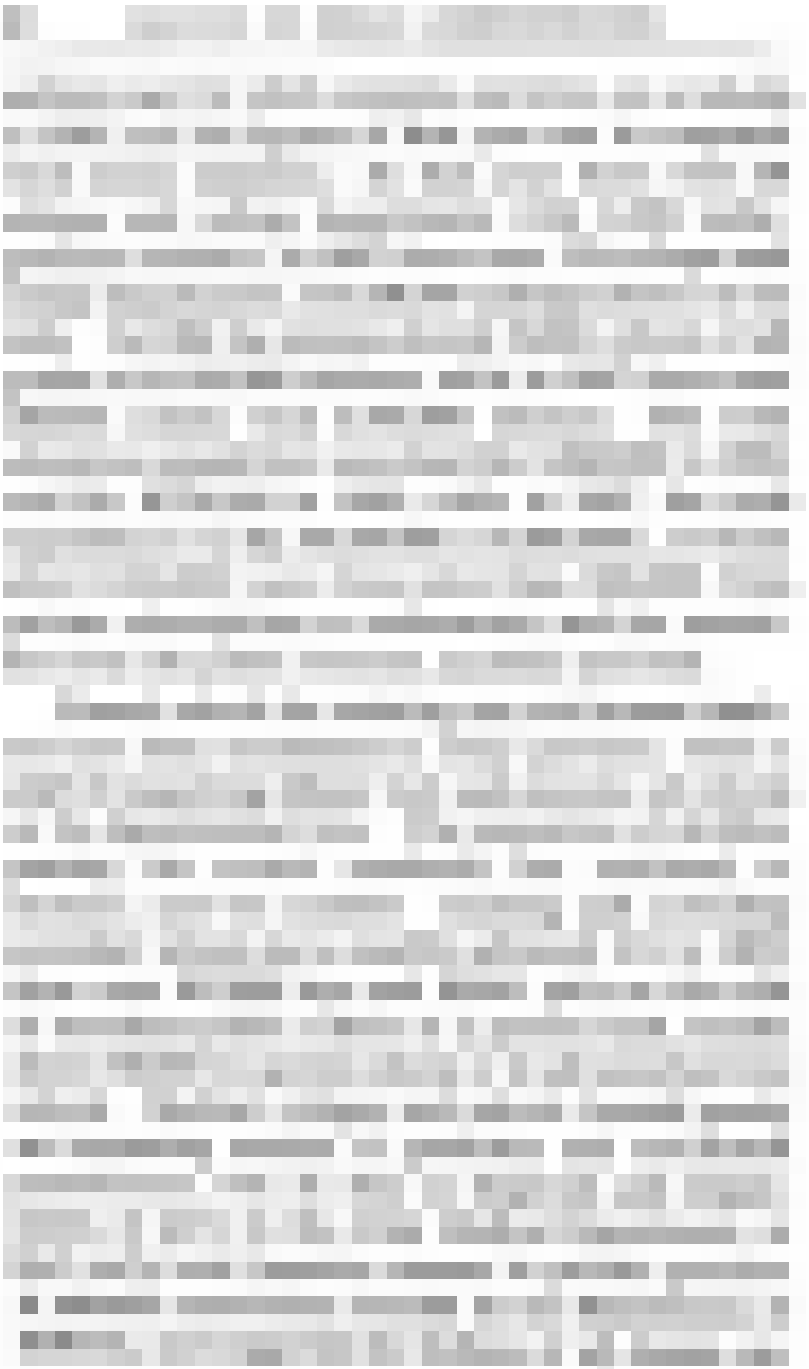
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earliest year for which complete statistics are available is 1865; and the figures of that year can be compared with recent statistics. In that year there were 26 colleges and college departments with 1,582 undergraduate students; in 1907 there were 179 colleges and college departments, with 26,000 undergraduates on the rolls. In 1865 the returns showed 19,201 schools of all grades with 619,260 scholars, while in 1907 there were 165,473 schools with 5,708,000 scholars. The total education expenditure was about Rs. 3,940,000 in 1858, and Rs. 6,710,000 in 1865; while in 1907, the total expenditure was Rs. 60,000,000 or 4,000,000*l.*, of which about 1,000,000*l.* came from school fees, 800,000*l.* from private subscriptions or endowments, and the remainder from the public revenues, national and local.

Normal schools for training men and women teachers have been established in every province; while a staff of inspecting officers visit and examine all schools on the departmental lists. The proportion of children passing the several standards has continued to increase; and the numbers reaching and attending secondary schools have steadily advanced till, in 1907, there were 687,926 boys and 66,341 girls on the rolls of secondary public schools of a general kind, besides about 160,000 in special schools or in advanced private schools. Medical colleges and schools furnish yearly an increasing number of graduates and certificated practitioners, who do duty at hospitals and dispensaries, or serve in the Army Medical Department, or find useful and lucrative careers in private practice. A valuable association founded by the Marchioness of Dufferin, and supported by Indians of all classes, em-

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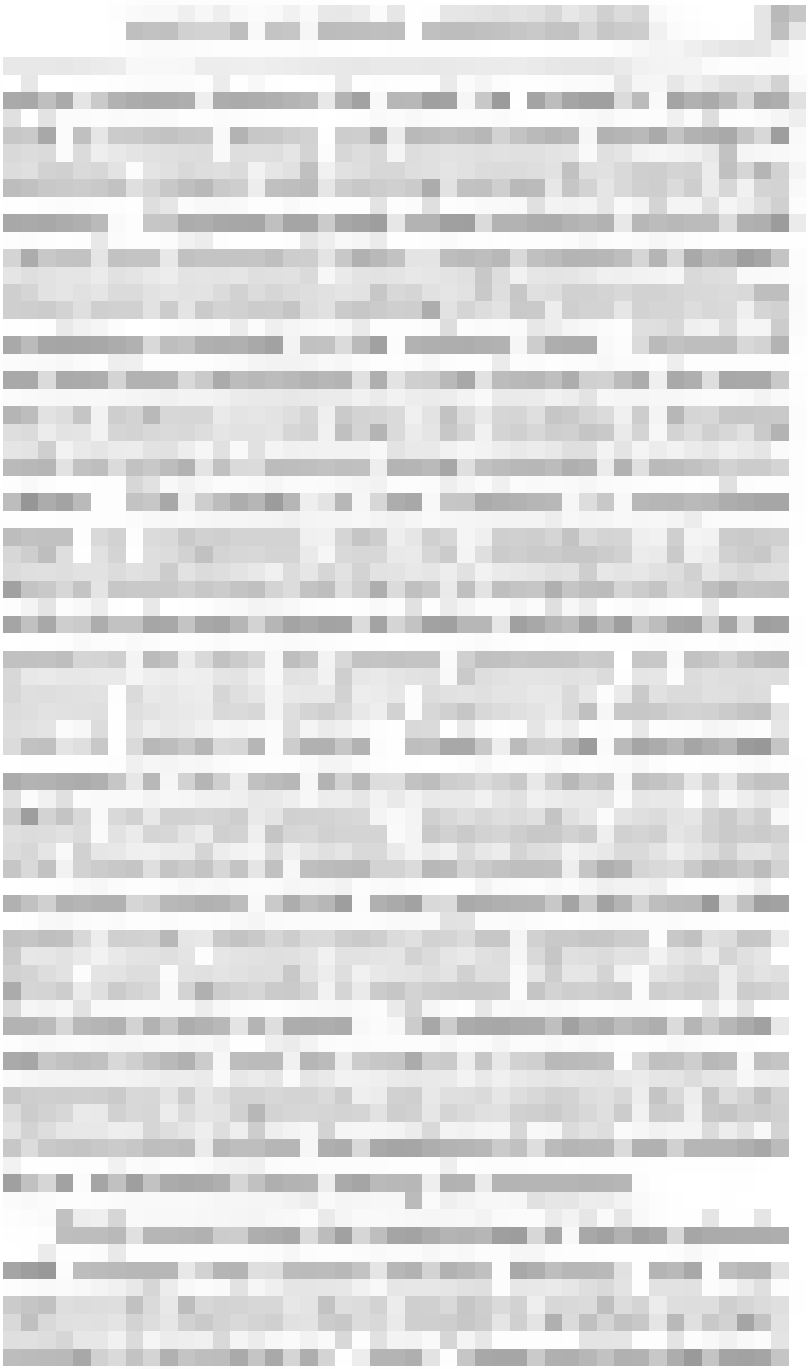


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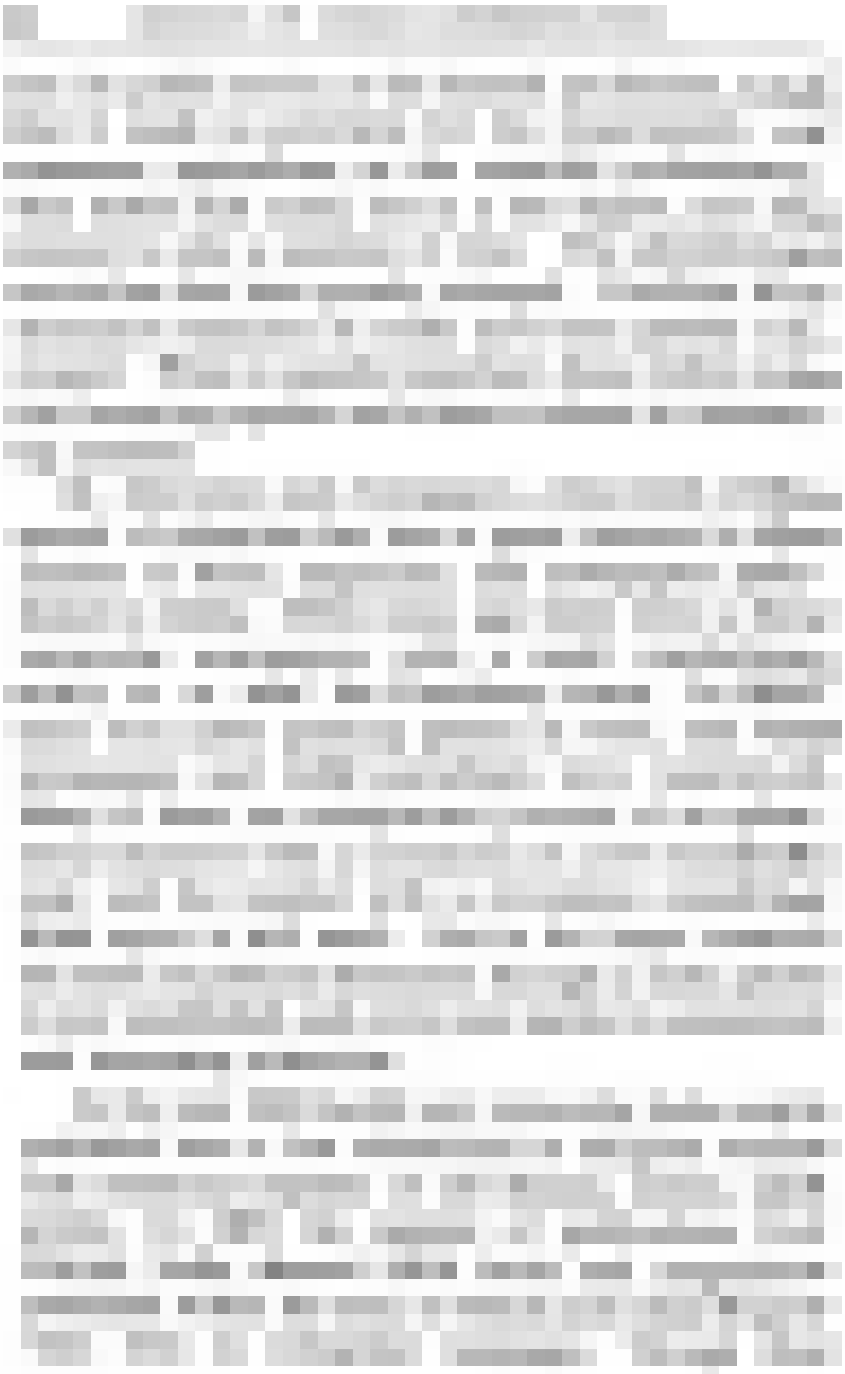
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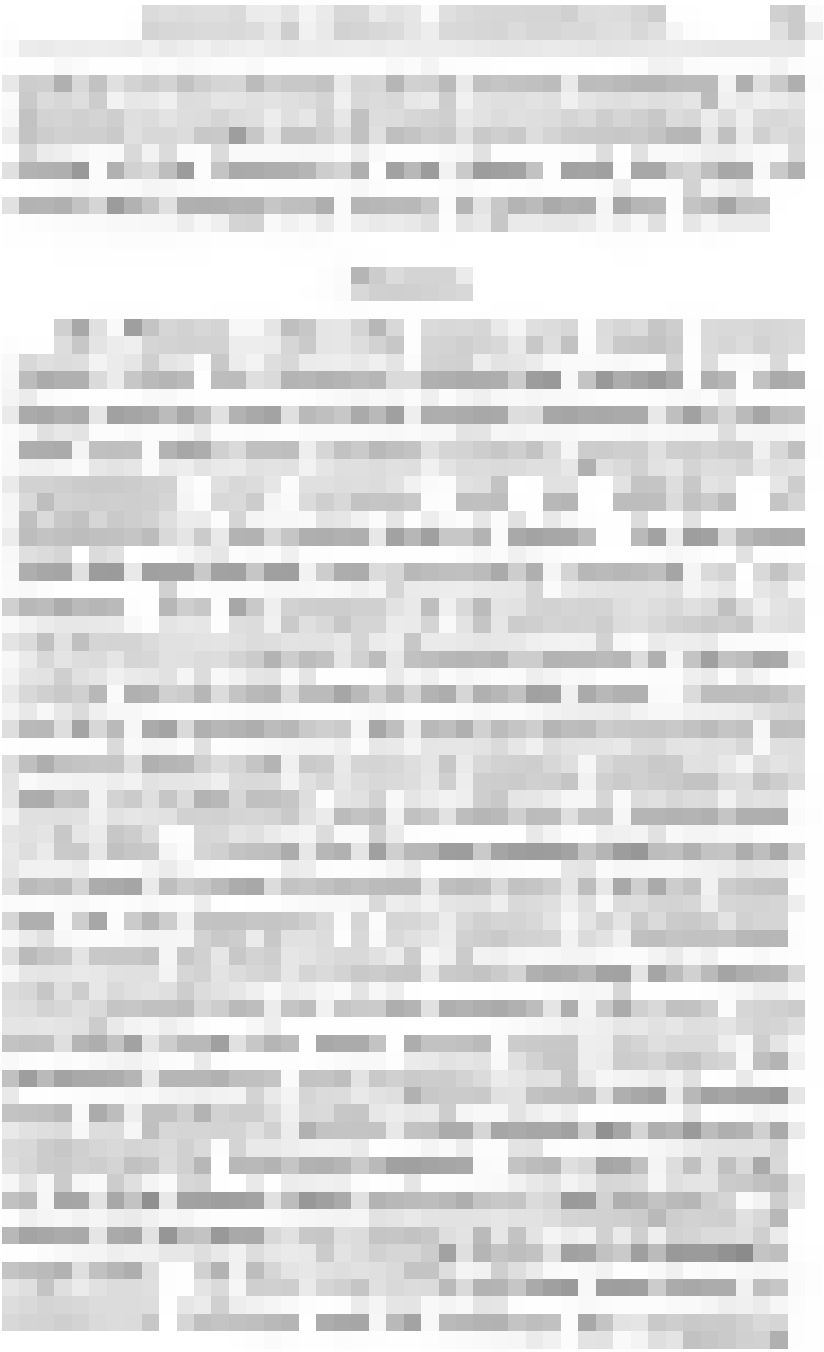
FINANCE.

32. *Finance.*—The fifty years now under review began when the financial difficulties caused by the Sepoy mutiny were at their height; between the years 1857 and 1862 those troubles caused a great excess of expenditure over revenue, and an addition of 42,100,000*l.* to the public debt of India. In the year 1861-62 equilibrium was practically restored to the finances. For the purpose of the present remarks it will be best to compare the financial results of the pre-mutiny period with those of the last 30 years. During the 20 years previous to the mutiny there had been 14 years of deficit and six years of surplus, yielding a net deficit of 16,393,000*l.*, and an addition of 15,900,000*l.* to the debt. During the 30 years ending 1907-08 there have been 21 years of surplus and nine of deficit yielding, in the aggregate, a net surplus of 24,000,000*l.* This result has been attained after meeting all famine-relief expenditure out of the revenue of the year, and providing from the same source large amounts for protective railways and irrigation works and further sums for productive public works which are ordinarily constructed by borrowed capital. The debt of India on the 31st March 1908 amounted to 246,034,071*l.*, of which 157,481,074*l.* was sterling debt, and 88,552,997*l.* rupee debt. Of this total 177½ millions have been incurred for railways and 30 millions for irrigation

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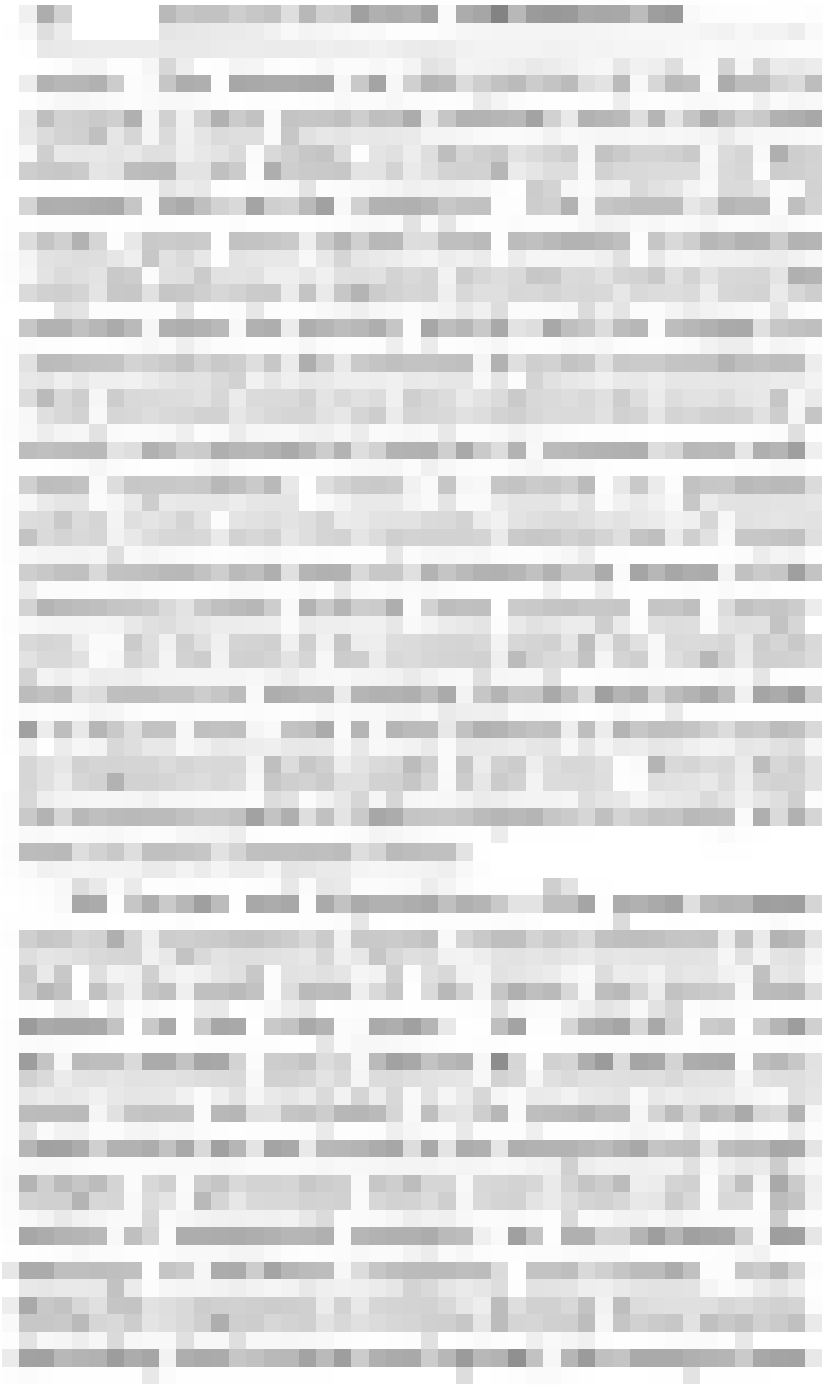


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The gross expenditure similarly shows a very large increase on the pre-mutiny standard. In 1856-57 it was Rs. 318,000,000; in 1906-07 Rs. 1,073,000,000. Excluding from the latter figure charges of a commercial nature, such as the working expenses of railways, canals, forests, posts, and telegraph, which have practically no counterpart in the budget of fifty years ago, there is still an increased expenditure of about Rs. 480,000,000, or 32,000,000*l.* This increase is due partly to larger outlay on public works, partly to the increased Army charges, and partly to the silver difficulty described in the next following paragraph; but it is mainly due to the growing requirements of a civilized and improving administration. The pension list has increased; the land revenue administration is more elaborate; there are many more courts of justice and more police; the expenditure on education, on hospitals, on forest administration is many fold larger than it was in 1856; the standard of wages has risen;

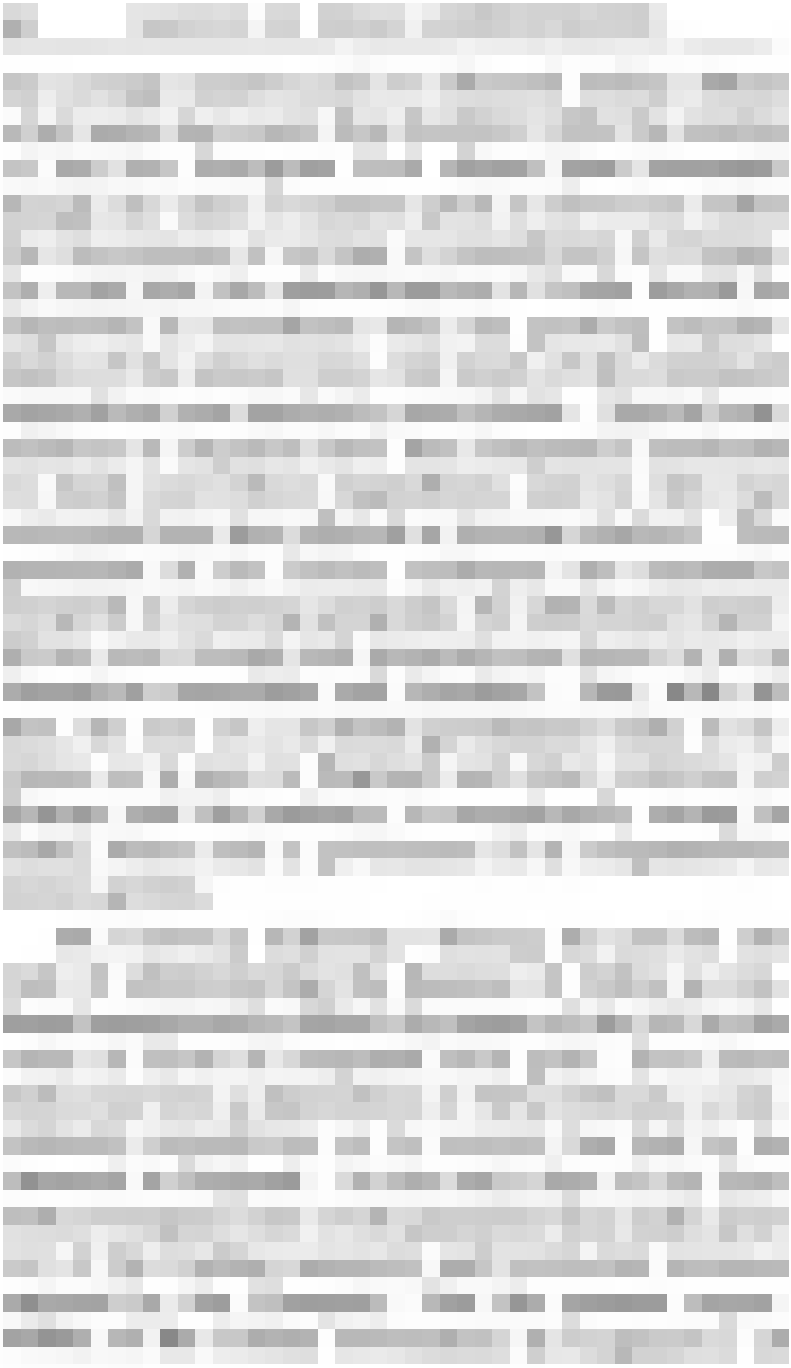


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For nearly a hundred years, up to 1871, ten rupees of Indian money could on the average be exchanged for one pound sterling of English money. And at that rate Rs. 180,000,000 would suffice to cover India's yearly liability of 18 millions sterling in England. But since 1871 silver has been practically demonetized in Europe; and the relative value of silver, as compared with gold, has greatly declined. From 1873 onwards the progressive fall in the gold value of the rupee was a source of increasing embarrassment to the finances of India. It occasioned unexpected deficits, obliged the Government to retain and sometimes to increase taxation which it was anxious to remit, to stint expenditure of the most necessary kind, to restrict public works, and to refrain from undertaking much required improvements by means of borrowed capital, both on account of the apprehensions of the money market and the risk of contracting fresh gold obligations. In 1893, by which time the

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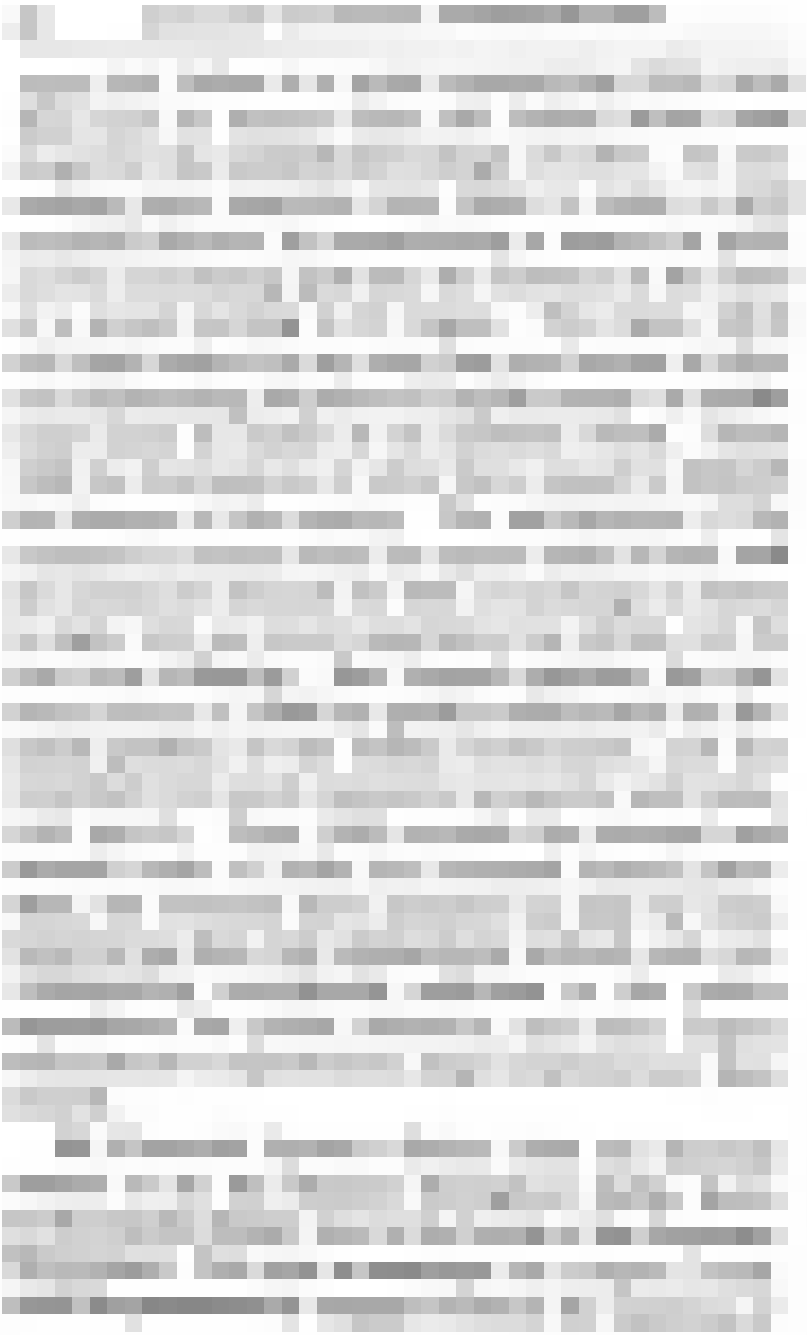


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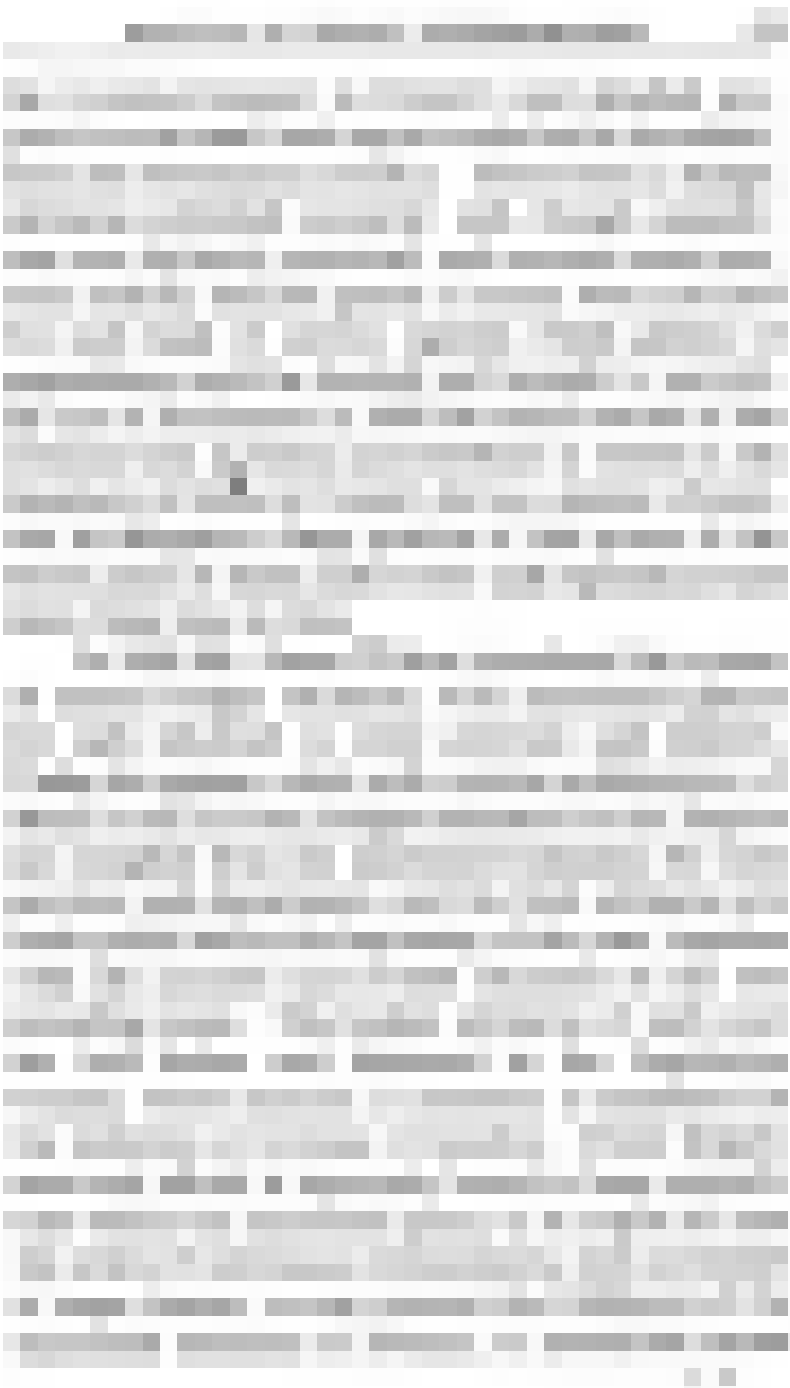


the Governor-General in Council; and detailed projects for even small and urgent works had to be submitted to the Government of India. There were no budget estimates published annually; and, though expenditure was vigilantly restricted, and accounts were carefully audited, detailed grants of money were not fixed for each head of service, against which grants of expenditure could be checked and brought to account. By Act of Parliament in 1858 the entire control of the revenues both in India and elsewhere is vested in the Secretary of State in Council; but as a matter of practice he delegates a large portion of this power to the Government of India under rules and regulations laid down from time to time.

In 1860 Mr. James Wilson introduced the system of annual budget estimates, with sanctioned grants for each sub-head in every province and district. Under his system, which with certain modifications of detail is still in force, budget estimates for the Empire are compiled from the sanctioned estimates for each province and department; and the final estimates are made public before the beginning of the year, together with the accounts and revised estimates of the two preceding years. The budget estimates of each year are laid before and discussed in the Legislative Council, whose sanction is necessary to measures for the reduction or increase of taxation. Every department and official is rigorously bound to keep expenditure within the sanctioned grant, or to report at once for orders if unforeseen circumstances, such as failure of crops, famine, or war, prevent the fulfilment of the sanctioned estimates of revenue, or necessitate excess

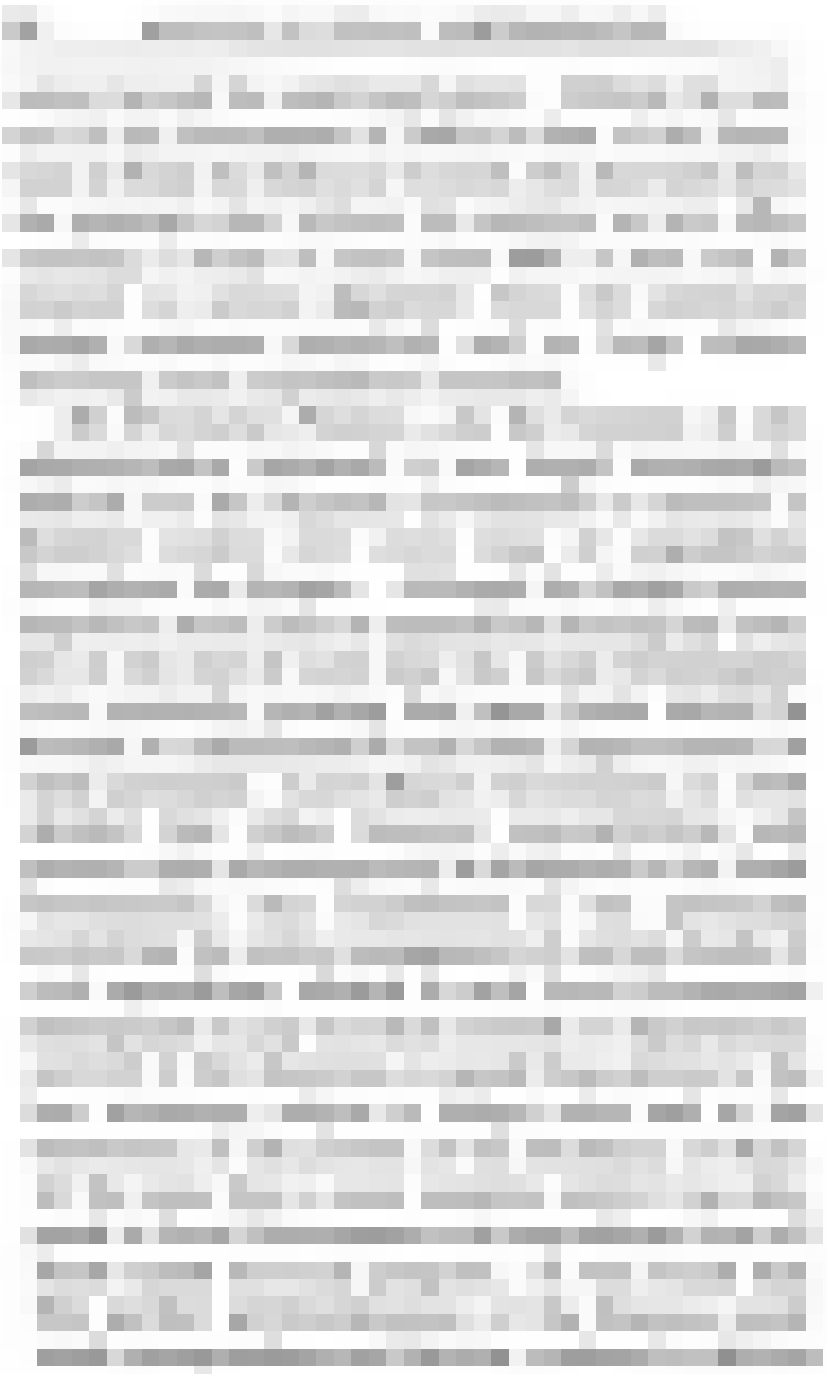
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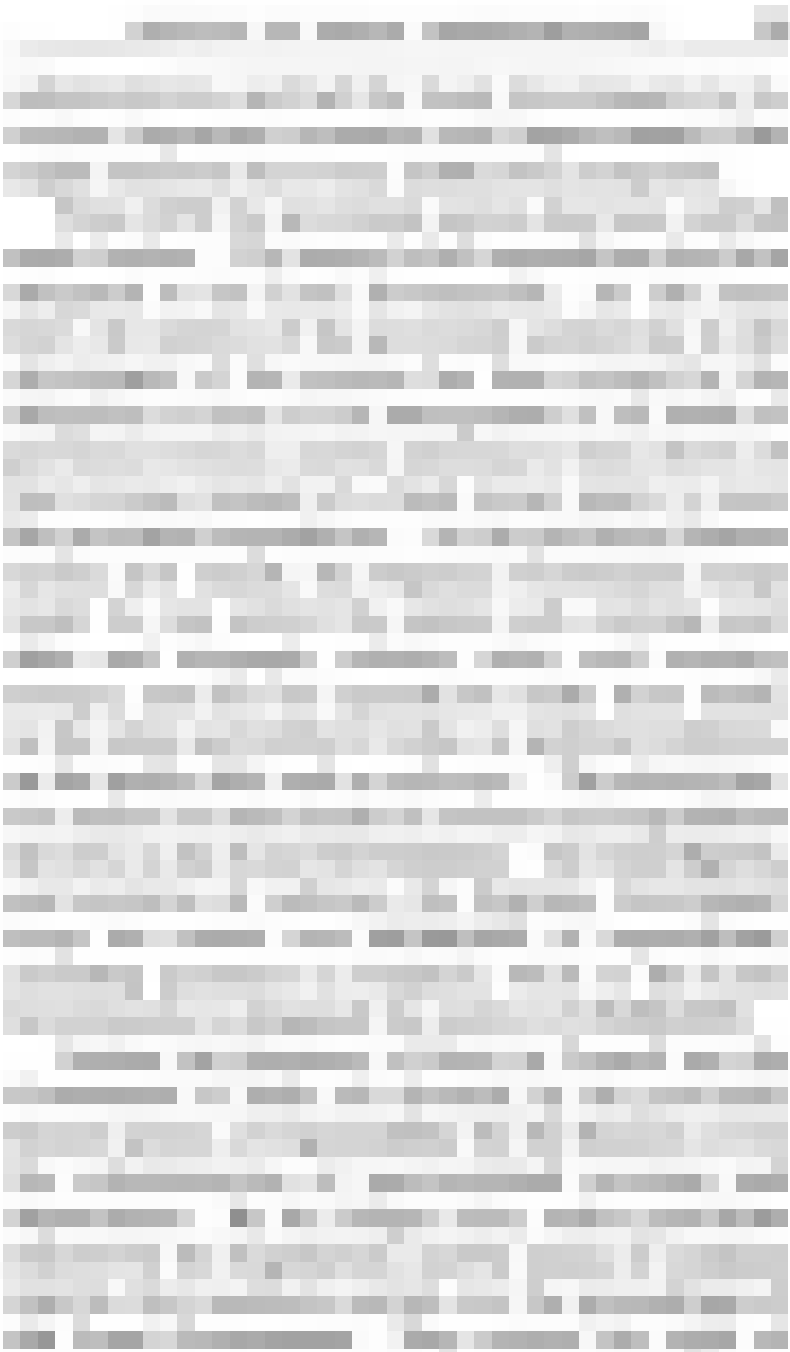
Since 1870 the provincial system has been carried much further. The control of all expenditure has been delegated to the Local Governments. At the same time, the interest of the provincial authorities in the development of the revenue has been secured by the delegation to them of the management of all heads of provincial revenue, and by allotting to them shares of that revenue instead of a fixed money grant, to meet the provincial expenditure. As the provincial finance system now stands, the Supreme Govrenment keeps under its own control the opium, salt, customs, post office and telegraph, tributes, mint, and currency receipts, and also the expenditure under those heads, on the army and military works, on political relations, on the public debt, and on railways. The administrative control of other heads of revenue and expenditure devolves on the Local Governments. In round figures, and exclusive of railways, the Supreme Government keeps the control over 49,000,000*l.* of expenditure, including payments in England, while to the Local Governments is delegated the control of 23,000,000*l.*

Neither the Secretary of State in Council nor the Government of India are divested, by the provincial finance system, of responsibility for the finances or for the administration of provincialised revenues and departments. By the budget rules, under provisions enacted by the Legislature, and by means of constant reports, they maintain control over the proceedings of the Local Governments. They reserve the right of

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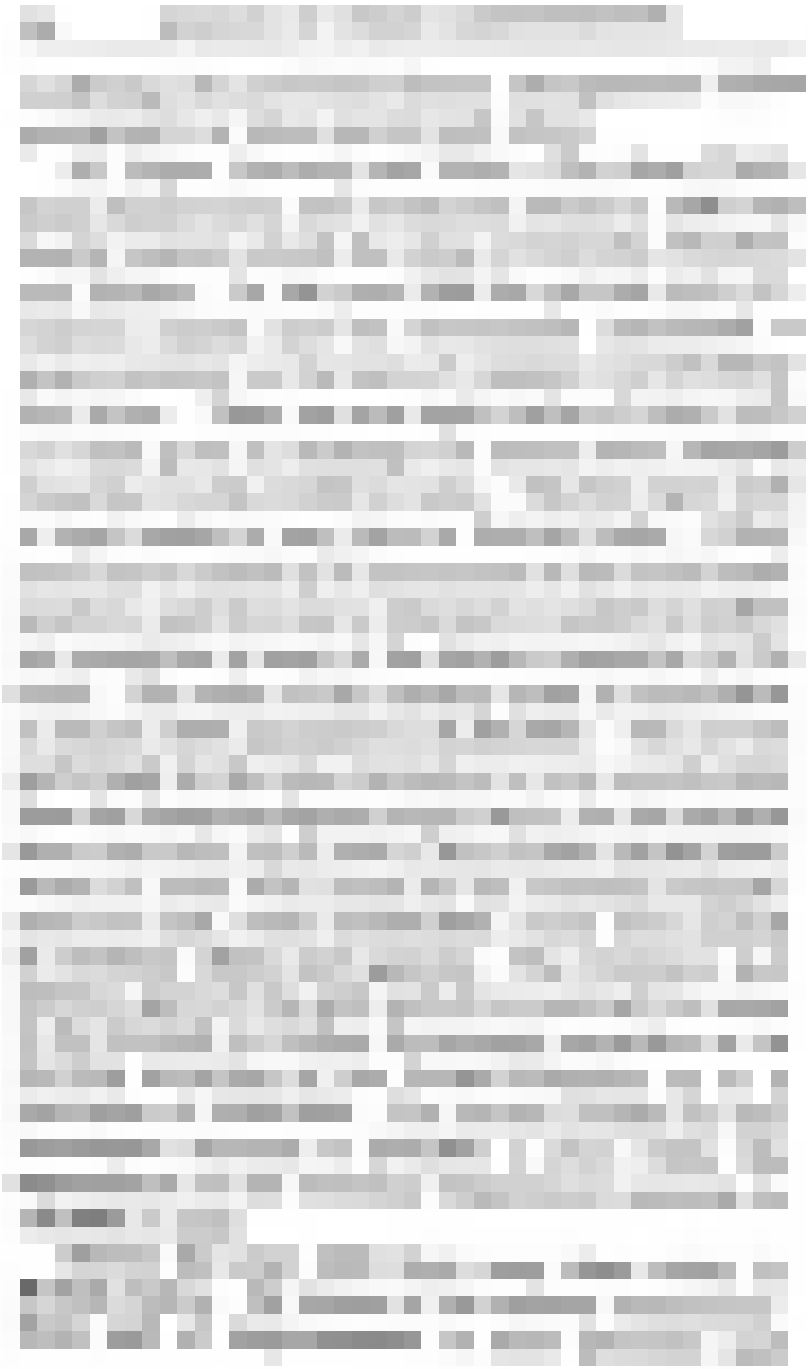
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37. *Paper Currency and Mint.*—The three Presidency banks had a note circulation which in 1860 was hardly current outside the cities of Calcutta, Bombay, and Madras. In the year 1862 the private note circulation ceased, and the Government introduced a paper currency on the basis of complete convertibility into silver. There are now eight circles of issue, each of which gives in exchange for money notes ranging from Rs. 5 to Rs. 10,000 in value. The five rupee note is legal tender in any place in British India. Other notes can be cashed up to any amount at the circle headquarters; and they can be obtained or cashed in moderate quantities at most of the district treasuries in the circle. The value of the currency notes in circulation in March 1908 amounted to 31,300,000*l.* The service performed by the note circulation is more considerable than the foregoing figures might imply; for the returns show that from April 1907 to March 1908 120,000,000*l.* worth of notes were issued by the Currency Department for cash, while 110,000,000*l.* worth were cashed at currency offices and agencies. The Currency Act allows a part of the gold and silver received for notes to be invested in Indian Government securities or in sterling securities of the United Kingdom up to a maximum of 8,000,000*l.* The interest yielded by this investment amounts to 270,000*l.* a year, while the expenditure of the Currency Department amounts to 110,000*l.* a year.

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machinery, it was found possible to close the Madras mint and to do the work of the country with two mints. The Indian mints now work as well and as economically as the present state of scientific knowledge permits, and minor improvements or economies are being introduced from year to year. The total value of the silver coined in British India from 1859 to 1908 inclusive has been 3,853 millions of rupees. Since 1893 the Indian mints have been closed for the unrestricted coinage of silver. Silver is purchased by the Government and coined into rupees as may be required. The profits resulting from this coinage are not treated as revenue, but are paid into a special fund, called the Gold Standard Reserve, the greater part of which is ordinarily held in sterling securities.

Public Works.

38. In the time of the East India Company certain great roads were constructed, the Ganges canal was dug, the Jumna canals were reopened, and improvements were made in some of the old works on the Madras coast, but the progress effected with works of material improvement in India has been far greater during the last 50 years than during all the previous centuries combined.

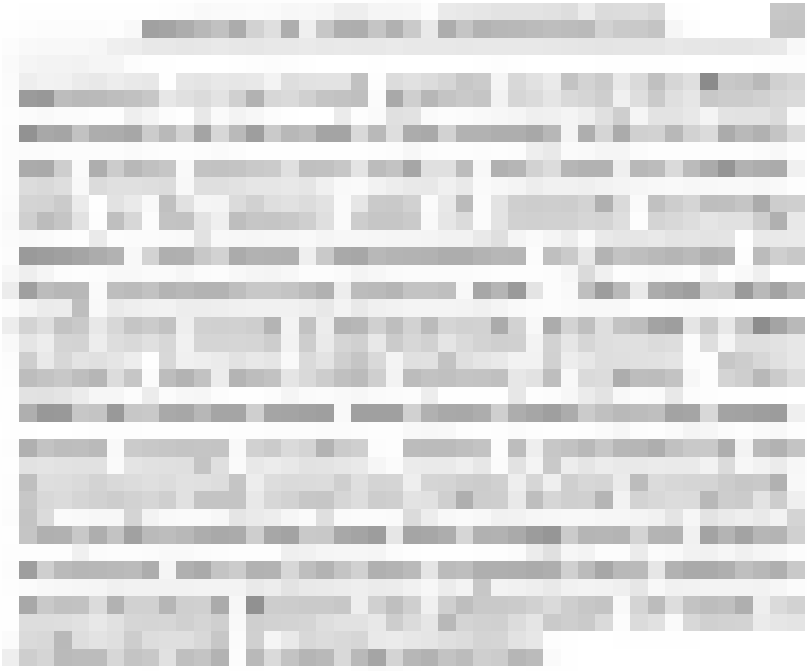
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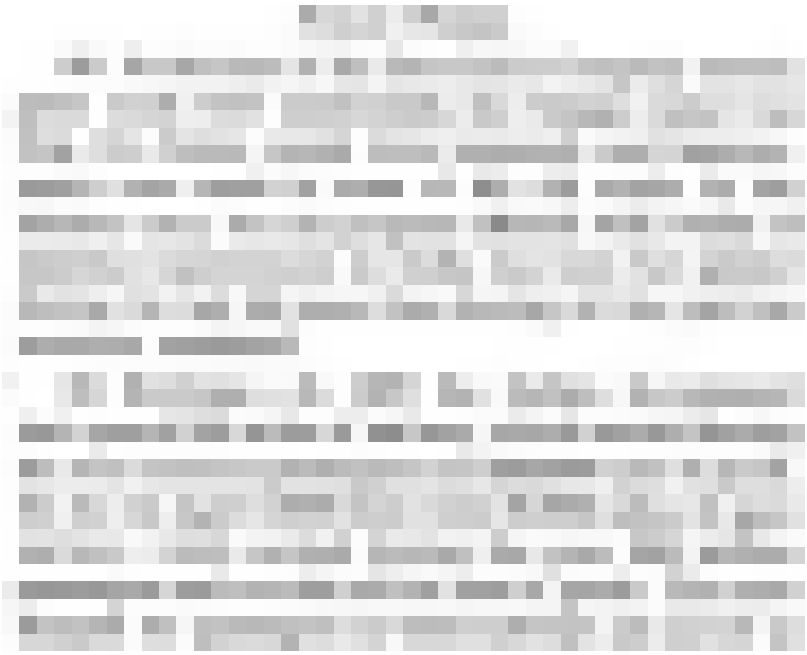
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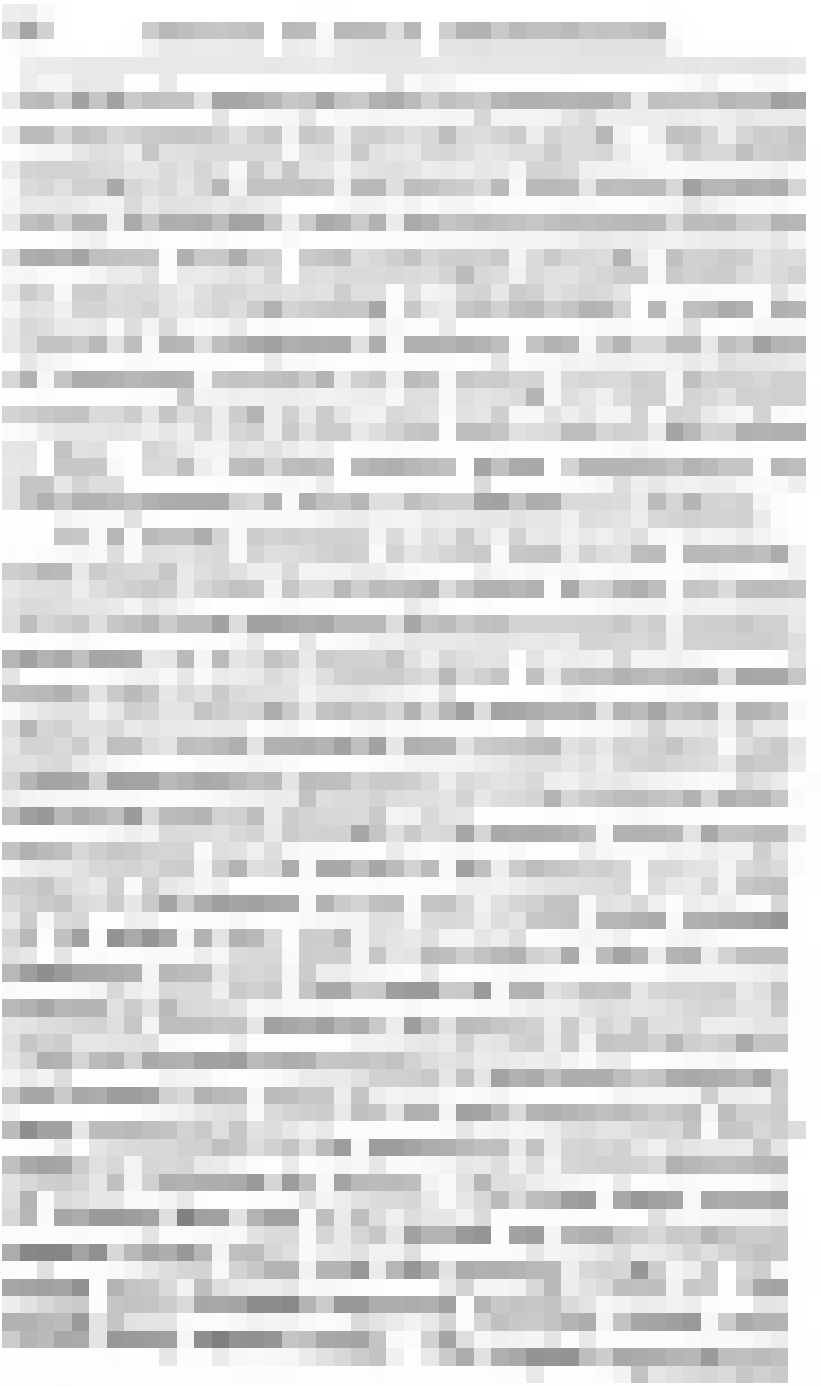
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It is hardly necessary to refer here to the incalculable benefit done by railways which in time of need carry food from prosperous districts to famine stricken provinces; or to the impulse given to production and trade when railways carry to the seaports surplus products that would otherwise have found no market, and might have rotted in granaries; or to the enormous addition to the military strength of the country, when troops and material can be moved to the frontier, or to any scene of disturbance, at the rate of 400 miles instead of 10 miles a day, and at one-sixth of the old cost. Railways have now been made on the main routes in British or Native territory; the system of military railways on the north-west frontier is practically complete, and several lines which do not pay commercially have been constructed for the protection of tracts specially liable to visitation by famine. But some large tracts of country have still to be opened up, many railways require feeder lines, and the growing traffic of the trunk lines demands improved facilities which will entail heavy capital outlay. The capital expenditure



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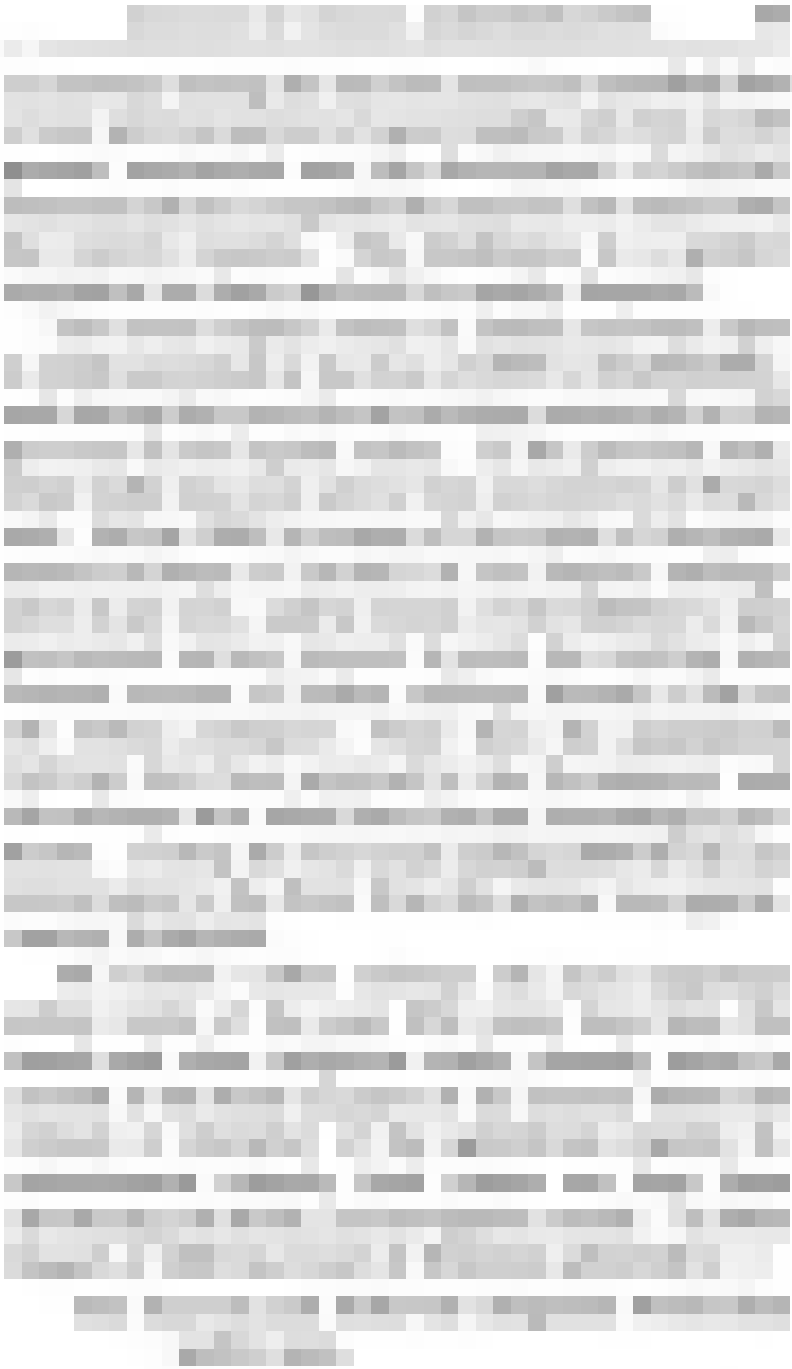
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The actual capital outlay on Indian railways open to traffic amounted at the close of 1908 to 274,000,000*l.*; and during that year the net earnings amounted to 4·33 per cent. on the capital outlay. In the previous year, when traffic was more active, they amounted to 5·86 per cent. Before 1900, by reason of the rights of the guaranteed railways to one-half of the surplus earnings above 5 per cent., and by reason of the liability to pay guaranteed railway interest in gold, the working and interest account of Indian railways showed a loss to the Indian exchequer. Since then the guaranteed railways have been acquired by the Government, and the railways as a whole have become increasingly profitable. During the four years ending 1907-08 the net annual gain to the State from this source was approximately 2,000,000*l.*

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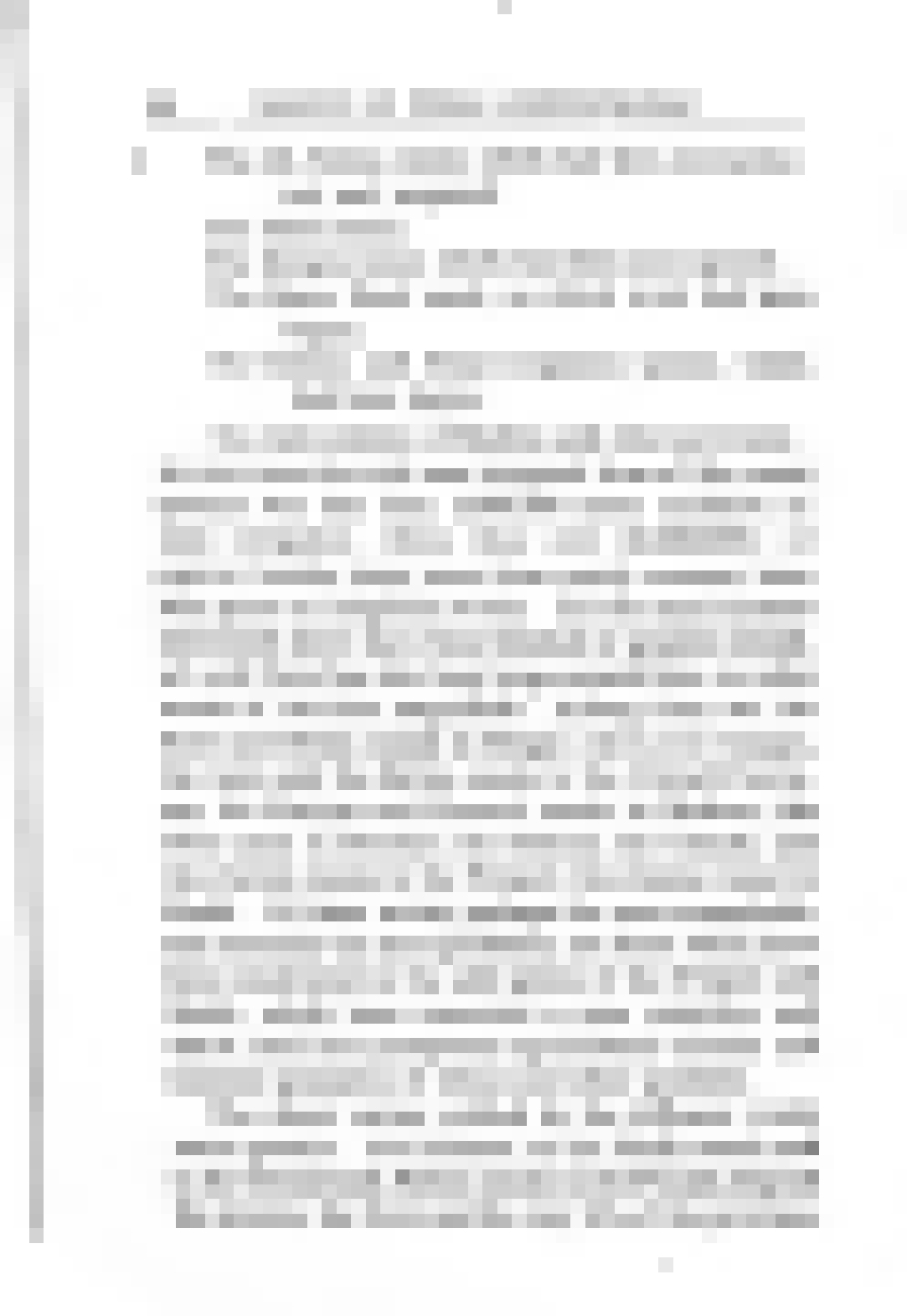
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The tank systems of Madras and other provinces.

At that time the total area irrigated from all the canal systems was less than 1,500,000 acres, exclusive of tank irrigation. Since then over 30,000,000*l.* of capital, besides large sums from yearly revenue, have been spent on irrigation works. All the canal systems mentioned above have been finished or greatly extended; and there has also been large expenditure on other works of the first magnitude. Among them are the Sone and Orissa canals in Bengal; the Lower Ganges, the Agra and the Betwa canals in the United Provinces; the Periyar and Kurnool canals in Madras; the Nira canal in Bombay; the Sirhind, the Chenab, and the Jhelum canals in the Punjab; the Jamrao canal in Sindh. Of these works, perhaps the most remarkable, and certainly the most profitable, are those which have been constructed in the arid plains of the Punjab and Sindh, which have converted a once waterless and desert land into prosperous agricultural colonies and immense granaries of wheat and other products.

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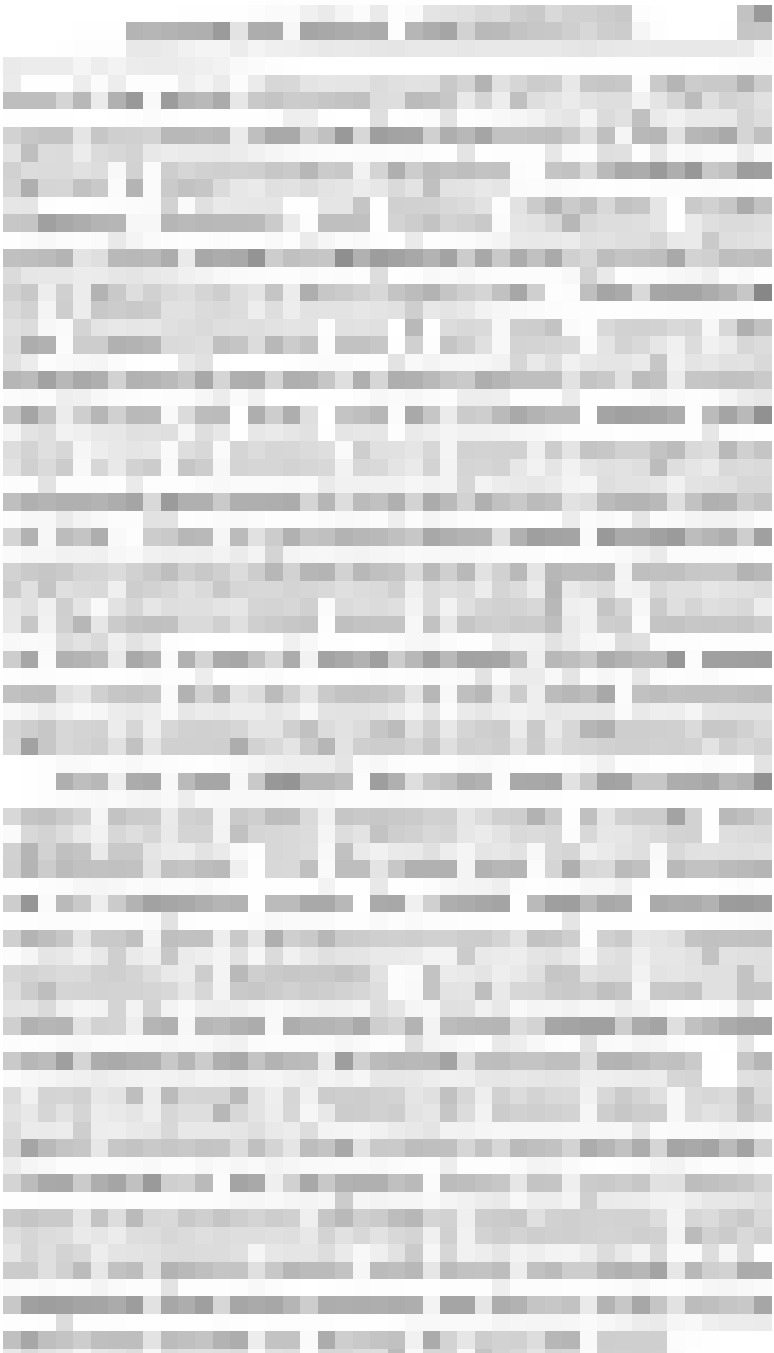
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for of the whole cultivated land 98 per cent. depends upon canal water, and less than 2 per cent. of the yearly harvest is raised without irrigation. In Madras the Cauvery, Godavery, and Kistna irrigation works yield a direct return of irrigation revenue varying from 15 to 22 per cent. on their capital cost. The canals in the United Provinces pay 9 per cent., and in the Punjab over 13 per cent. on their capital cost all round. The Orissa, the Sone, and the Kurnool canals yield little or no net revenue, but in years of drought they safeguard great areas of crop and secure a large supply of food. Even in provinces where canal irrigation is popular and long established, there are great variations in the extent to which water is utilized; for instance, in 1907-08, a year of severe drought, 3½ million acres took water from the canals of the United Provinces against an average of 2½ million acres in ordinary years.

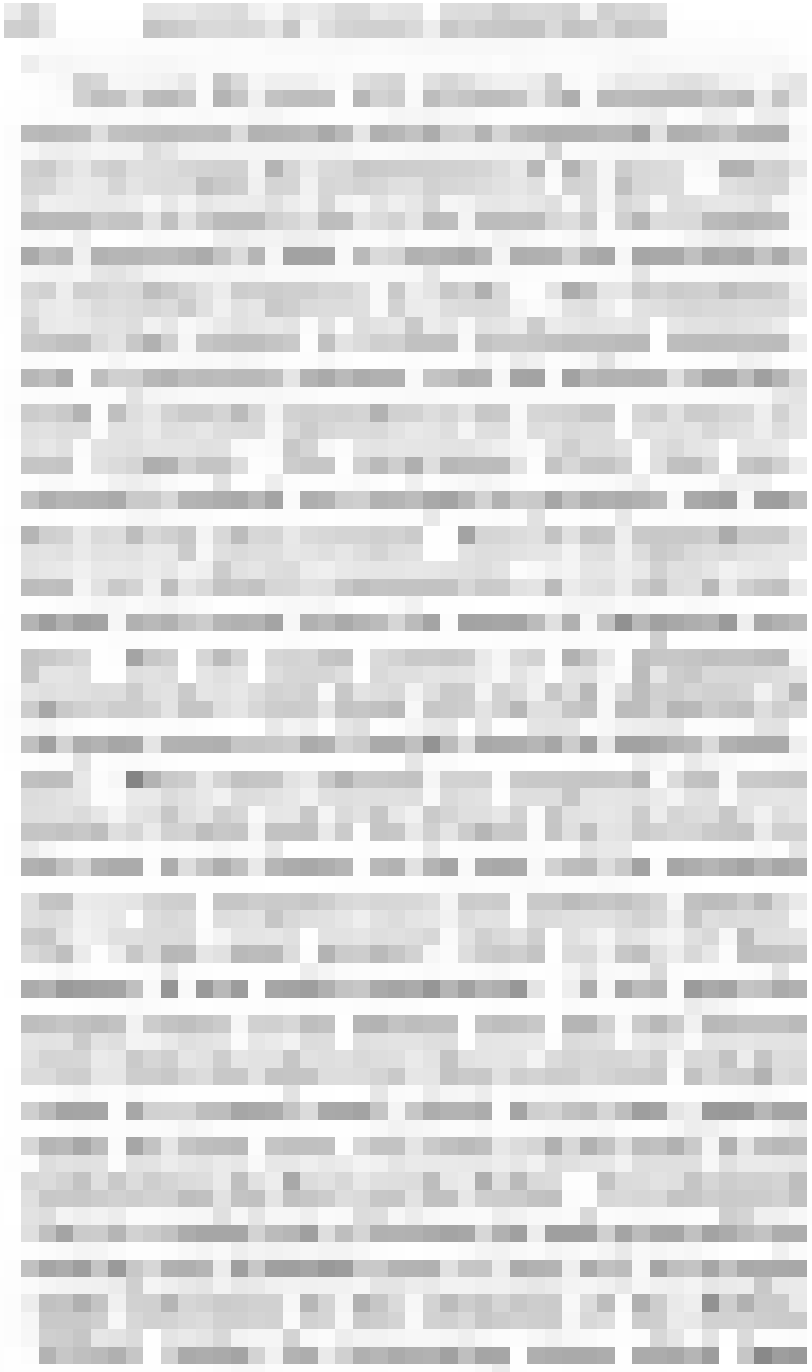
For the year 1906-07 the total area that received water from all public irrigation works in India was 22,225,000 acres. For the same year the net revenue on all irrigation works for which capital accounts were kept gave a dividend of 8 per cent. on a capital expenditure of 32,500,000*l*. In an ordinary year the value of the crops secured by State irrigation works is estimated at between 40 and 50 millions sterling. In a year of drought or famine the money value of the benefit conferred by these works is very much greater. Nine-tenths of the irrigation from the great canals, most of the protection afforded by embankments, nearly all the navigation canals, and about two-thirds of the irrigation from minor sources, are due to works which have been carried out during the past 50 years.

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The next 20 years will witness the completion of other irrigation schemes which in magnitude and boldnell will surpass the achievements of the past. Their inception is largely due to the report of the Commission appointed in 1901 to inquire into the possibilities of extending irrigation in India. The Commission found that, subject to further professional examination of particular schemes, some 30 millions sterling could be usefully expended in the course of years on new irrigation. The programme which they provisionally outlined was accepted in principle, and has been actively taken in hand. Part of the expenditure may not be directly remunerative, as it will be concerned with tracts where the means of irrigation are poor. But the major portion of the programme, especially that which deals with the full utilisation of the great rivers of the Punjab, should be highly profitable. When these schemes are completed, the arid plains of Sindh, and of the Punjab from the Indus on the west to the Jumna on the east, will be converted into a vast irrigated tract and unfailing granary. The "triple canal project," which is one of these schemes, is now under construction. It will pass the surplus water of the Jhelum river into the Chenab river, while the latter river, thus re-enforced, will give water to a second canal, which in its turn, passing under the Ravi river, will feed a third canal in the lands between the Ravi and the Sutlej. It is estimated that at a capital cost of between six and seven millions sterling some 2,000,000 acres of land will be brought under cultivation by this utilisation of the Jhelum, without taxing the intervening rivers which have



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41. *Roads.*—During the earlier part of the period under review a large expenditure was incurred from the general revenues on the construction of roads and bridges, more especially in the Punjab, the Central Provinces, Bombay, and Burma. The great arterial roads were then completed, in advance of and sometimes without anticipation of the revolution in transport effected by the extension of railways. Since 1871 the custody and construction of local roads have largely been made over to local bodies. These bodies either enjoy revenues or receive grants enabling them to discharge their responsibilities in this respect, and much care has been paid by them to road maintenance and road making. New trunk roads are rarely required, but additional roads are constantly undertaken in order to facilitate access to railway stations. As railways extend, more has to be done in making feeder roads to the railway, more especially in provinces where the rainfall is heavy and carts cannot ply for five or seven months of the year save on metalled and bridged roads. Throughout the greater part of India pack animals have been displaced by wheeled vehicles. Returns show that the number of carts possessed and worked by the people has increased greatly during the past 50 years. The levy of tolls on roads has been practically abolished, the only exceptions being in the case of ferries or temporary bridges of boats.

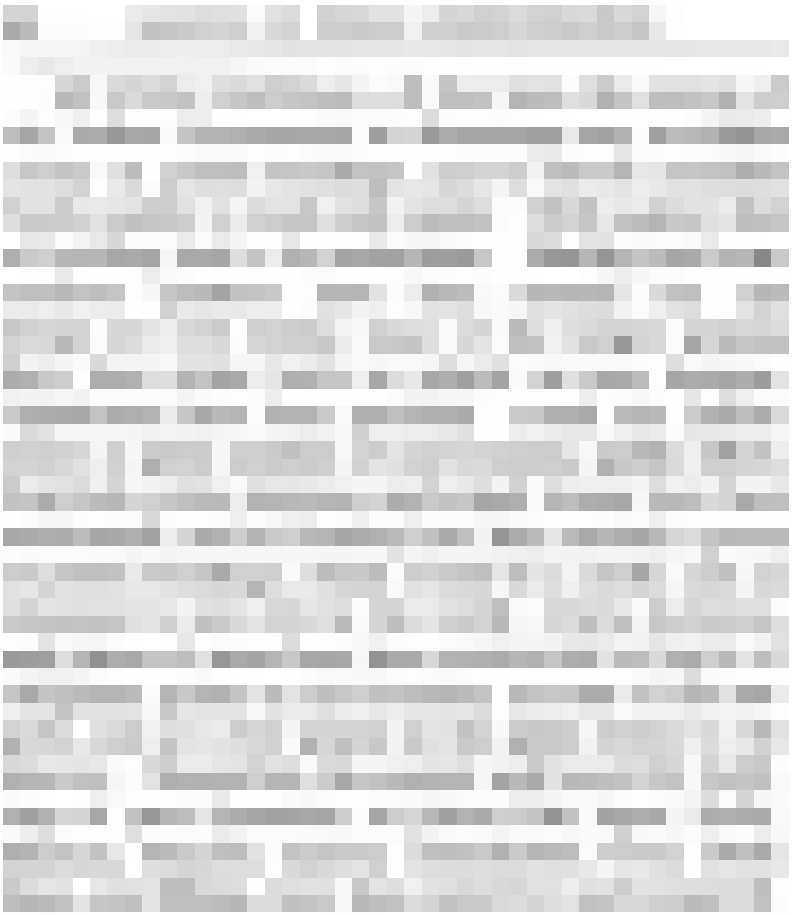
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Directors reported that the exports and imports of merchandise by sea from and into India were valued at $25\frac{1}{2}$ and $14\frac{1}{4}$ millions sterling respectively, or $39\frac{3}{4}$ millions for the total foreign trade. The corresponding totals for the year 1907-08 were $115\frac{1}{2}$ millions sterling of exports and $86\frac{1}{2}$ millions worth of imports, or 202 millions of total trade. The external land trade of India, principally with Nepal, Tibet, Western China, and Afghanistan, though relatively small compared with the sea-borne trade, shows steady progress, having more than doubled in the last 15 years, and now aggregates 10,000,000*l*. The total value of the external trade of India by sea and land has more than quintupled during the 50 years; while the actual bulk of the trade has increased in even greater proportion, because prices of most imported and exported goods are lower now than they were in 1856.

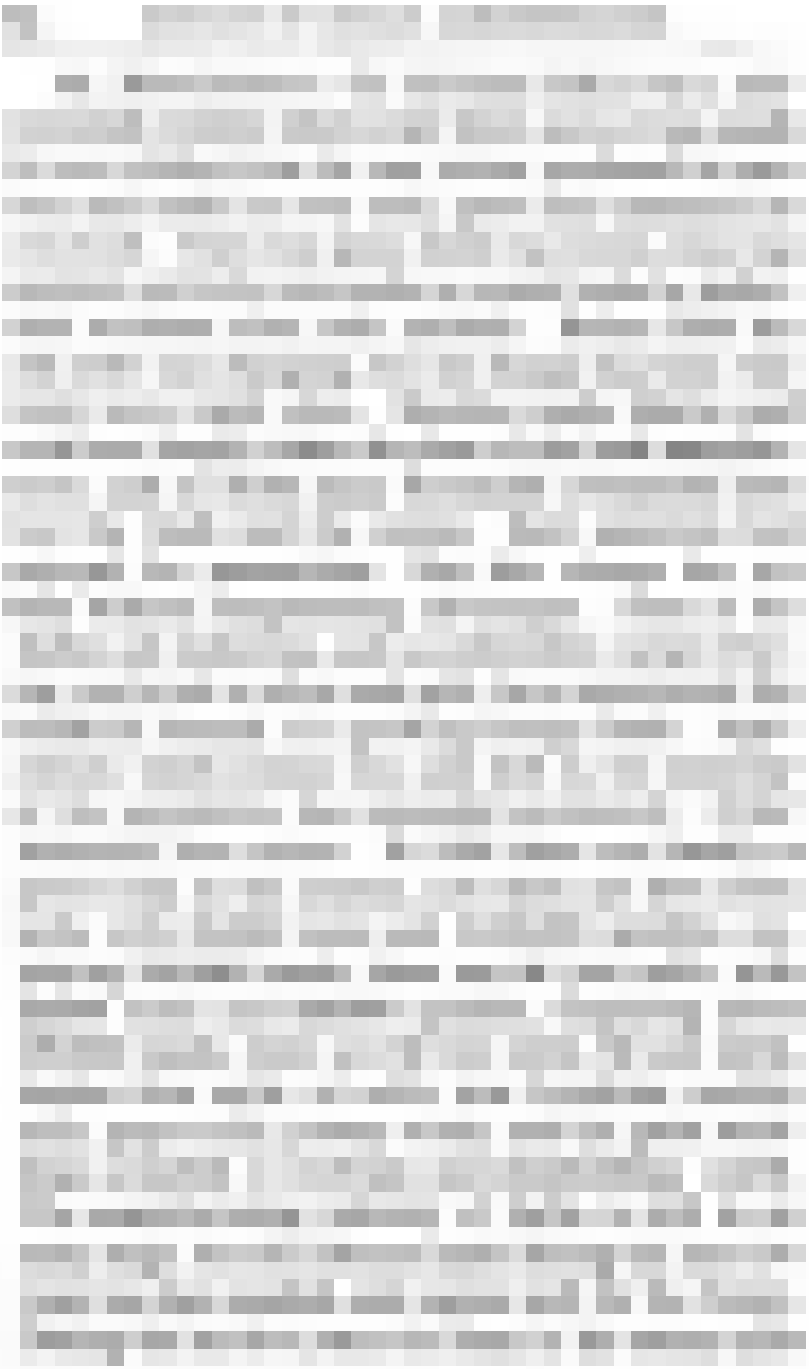
In all parts of the world a large and regularly expanding trade is rightly regarded as a sign of national prosperity. While India's external trade has gone on increasing, there has arisen within her borders a great cotton spinning and weaving industry, which already competes favourably with European manufactures in eastern markets, and a great jute industry of a highly profitable kind; there has grown up a great and rapidly increasing production of Indian coal and petroleum oils; at the same time, new and valuable agricultural staples have been naturalised in the country. Iron-works and the production of metals on a large scale have hitherto been delayed from various causes, but a large enterprise is now in course of inception with prospects of success.

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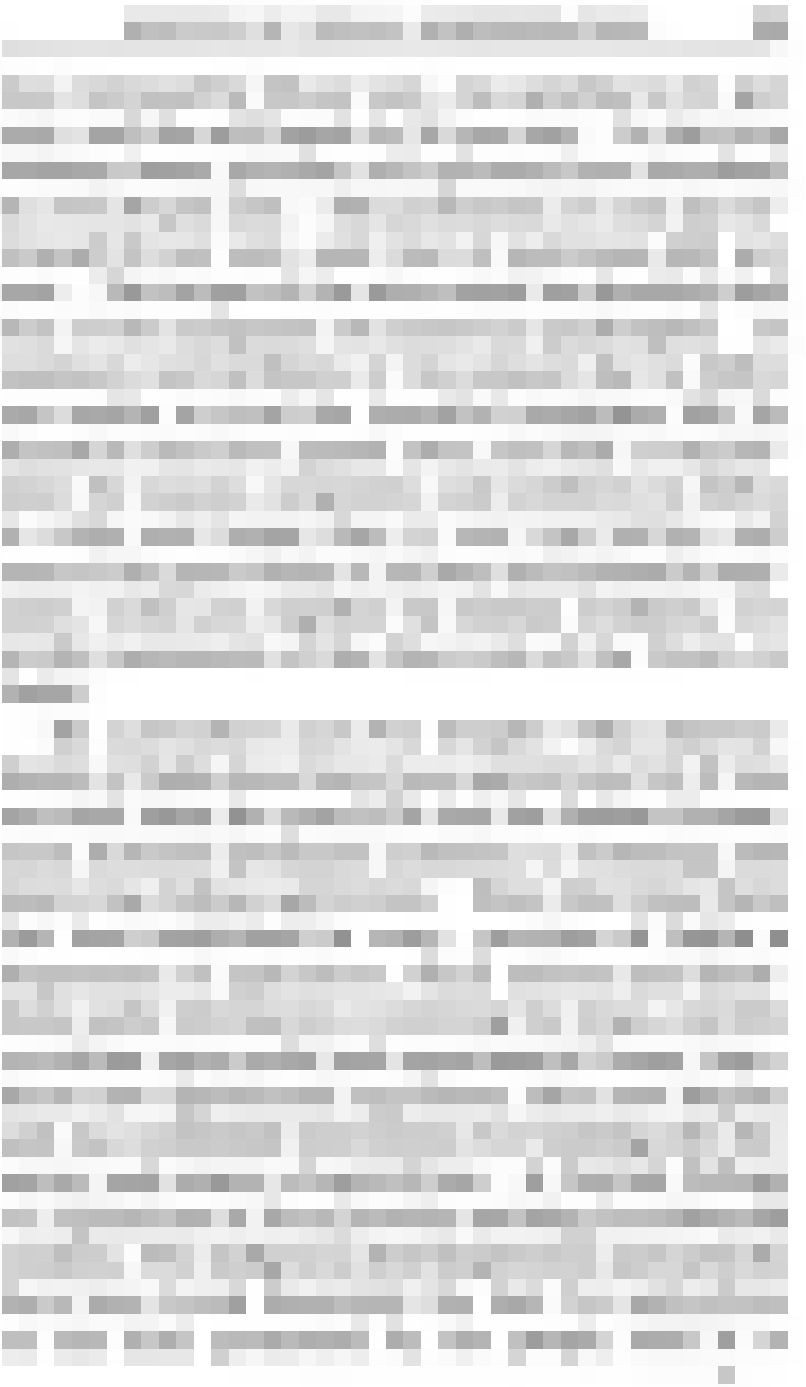
44. *Manufactures.*—In old times India was a self-contained country, where every tract, more or less, made its own clothes from its own cotton, produced its own iron and made its own tools, grew and consumed its own food. Yarn was spun, cloth was woven, iron was smelted, and tools were made on a small scale by individual workmen after rude methods. Before 1858 the old order was changing, but the change has been very much more rapid since. Machine made fabrics and tools have largely taken the place of the local manufactures; and no doubt many thousands of families have lost the trade and the custom their ancestors had enjoyed for generations. But this change has not been without compensating advantages. Some of the Indian art industries, such as embroidery, carpet weaving, and work in silver and gold, have experienced the beneficial demand of a growing foreign trade. Agriculture, which always was, and still is, the mainstay of the population, has expanded enormously. Other industries have arisen. In 1856 there was hardly a power loom in the country, now there are 217 cotton mills, with 59,000 looms and 5,500,000 spindles, employing 212,000 hands; there are 44 jute mills, with 25,000 looms and 520,000 spindles, employing about 167,000 hands; there are 92 rice mills, 62 saw mills, besides flour mills, oil mills, iron foundries, woollen mills, paper mills, pottery works, and the great workshops attached to railways and shipbuilding yards. The manufacturing industry of India is still in an early stage, but the advance made during the last few years has been marked, and augurs well for the future. During the last five years the looms in the cotton mills



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Before 1857 the cultivation of tea, coffee, and jute had been begun, but the progress made was small, and these articles were not reckoned among the staple products or exports of India. Customs restrictions were withdrawn, and the acquisition of waste lands for such crops was facilitated, and now the tea industry has so far extended that in the year 1907 over 536,000 acres were under tea, about 500,000 persons were employed upon tea gardens, and India exported 227 million pounds of tea, valued at 6,867,000*l.* More than half the tea required by the world is now supplied from India. The coffee industry of Southern India was at one time very promising. Its prospects have since been impaired by leaf disease, and by the competition of South America; still coffee valued at 743,000*l.* was exported from India in the year 1907. The exports of raw and manufactured jute during the same year were valued at 24,200,000*l.*, besides the great quantity of jute used for bagging in India. Thus the export of these three new staples, tea, coffee, and jute, which in the trade returns for 1858 were valued at half a million sterling, had in 1907 reached a value of



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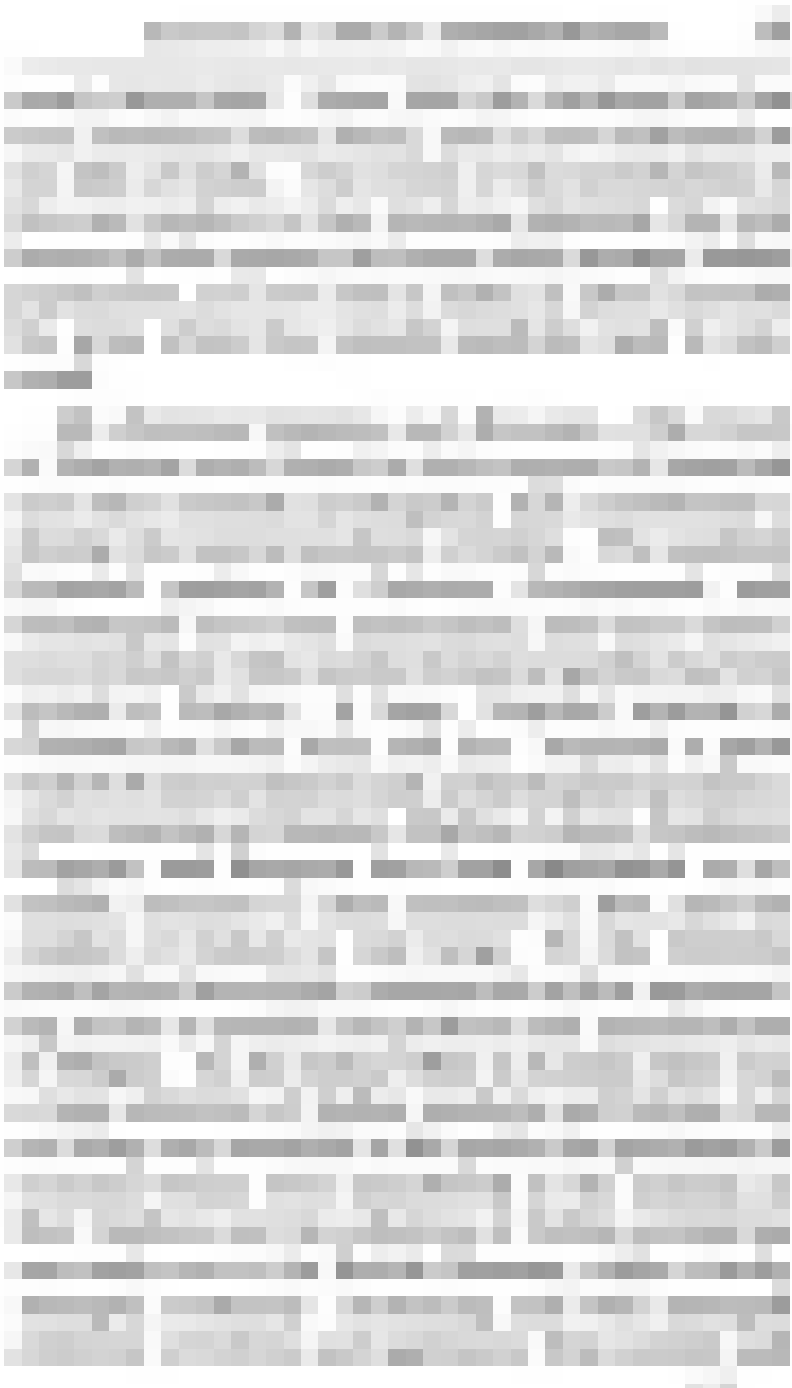
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46. *Botanical Gardens and Museums.*—The Court of Directors were liberal in their support of botanical and other scientific investigation that contributed to develop the natural products of India. The excellent botanical gardens at Calcutta, Ootacamund, and Saharanpur have been maintained, and their usefulness extended, while another botanical garden has been opened at Bombay. A large Imperial museum at Calcutta has been built, and has acquired a great wealth of natural history and archæological specimens; other museums at Bombay, Madras, Lahore, Lucknow, Nagpore, and Rangoon have been established or extended; entrance to these museums is free, and the number of visitors is very large. To the Calcutta museum has been added a commercial section, representing as far as possible the products and manufactures of Bengal. At the India Office in London there was a large collection of Indian products and fabrics; but not being very accessible to the public the specimens of economic botany were transferred to the museum at Kew Gardens and the collection of Indian antiquities was made over to the British Museum; while a vastly enlarged, constantly increasing, and well arranged collection of fabrics and appliances from ancient and

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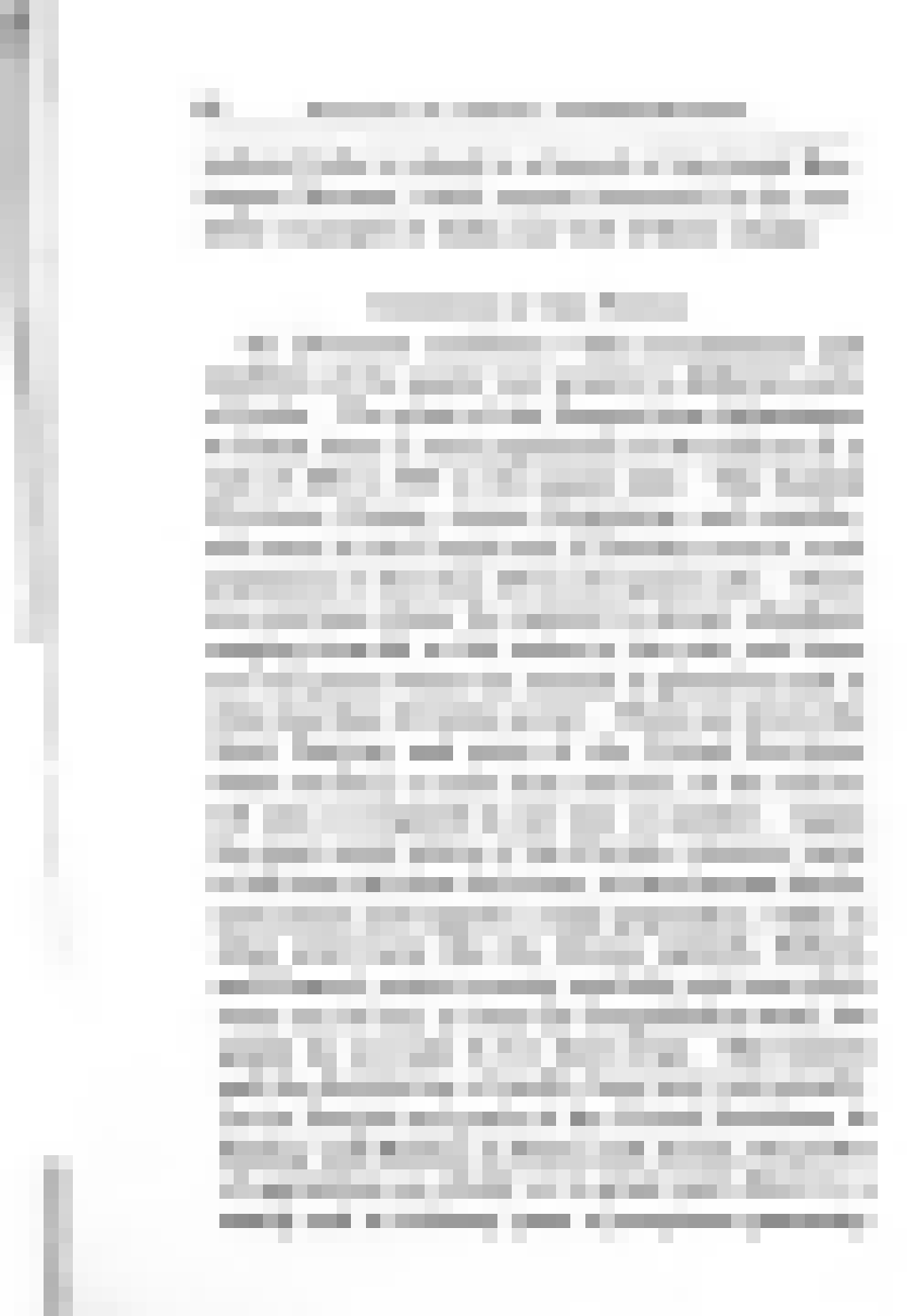
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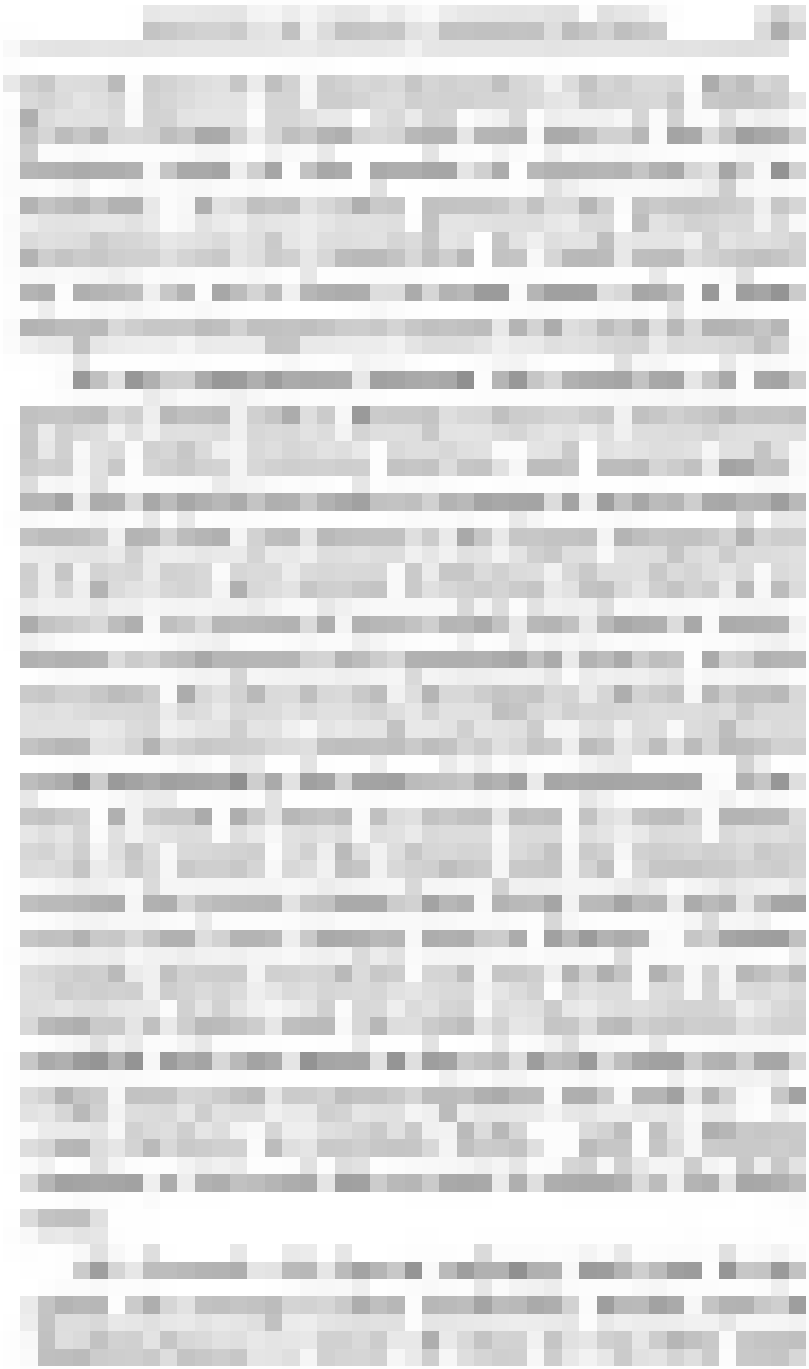
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who till most of the land themselves; while in Behar, Western Bengal, Orissa, Oudh, and part of the Agra Province, most of the profits of agriculture go to landlords. In these latter provinces the pressure of population and the competition for land have forced up rents, so as to leave, in some cases, only a bare margin for the support of tenants with small holdings.

In any comparison between the condition of the people in India and in Europe it has to be remembered that in India everyone marries, and marries early; that the population tends to increase at a rate varying from ½ per cent. per annum in the Upper Ganges plain to 4 per cent. per annum in Burma; that there is no poor law or system of poor relief, but there is everywhere a widespread and openhanded charity, so that the infirm, the old, the sick, the cripples, priests, besides many who prefer a mendicant's life, are in ordinary years supported by the alms of their neighbours. Further, it must be borne in mind that in rural India, from the nature of the climate and by immemorial custom, the poorer classes have fewer wants, and can satisfy them more cheaply than in Europe. Clothes, warmth, shelter, furniture, cost very little for a rural family in India; and the bulk of the population are satisfied with two meals a day of millet cakes or porridge, some pulse or green vegetable, salt, and oil. In coast districts, in southern India, and in Moslem families, a little salt fish or meat is added to the daily meal.

48. *General.*—So far as ordinary tests can be applied, the average Indian landholder, trader, ryot or handicraftsman is better off than he was fifty years



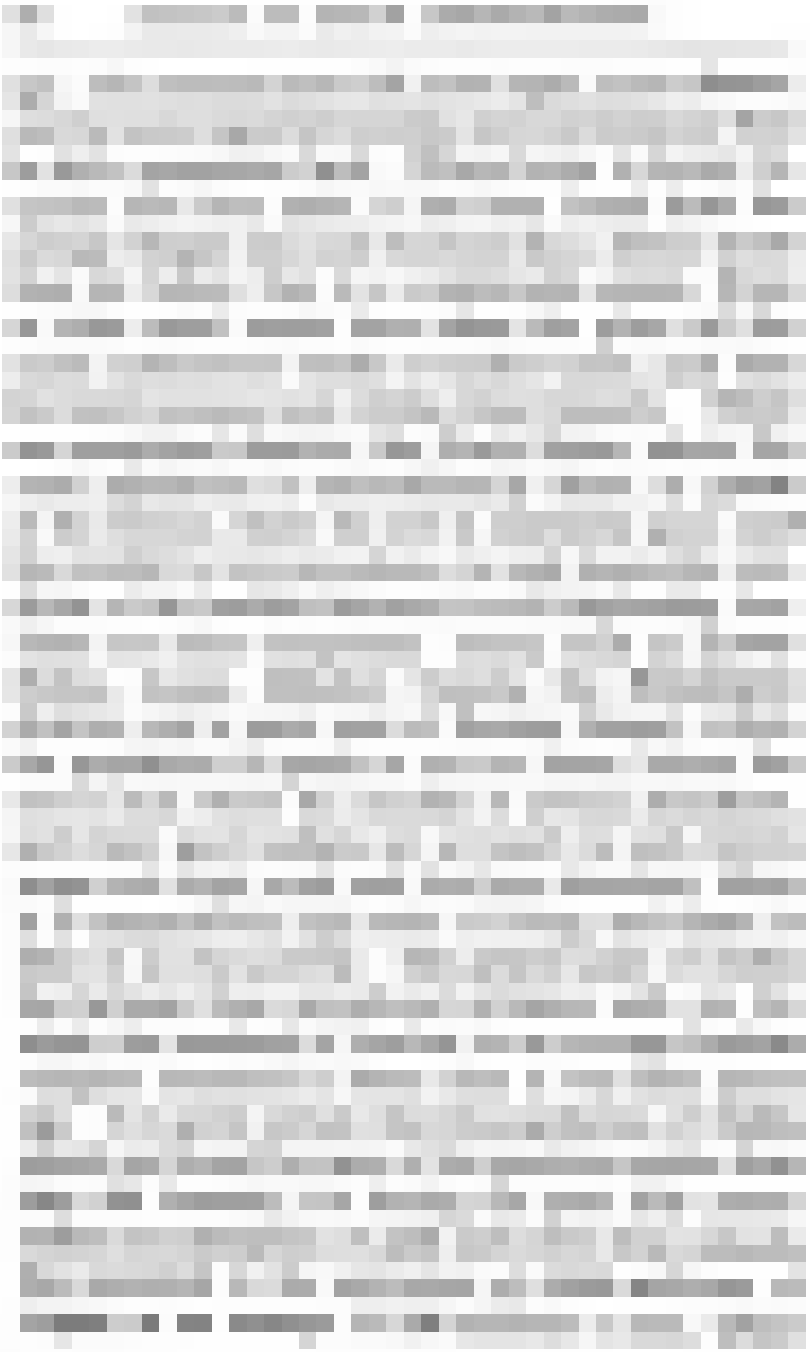
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ago. He consumes more salt, more sugar, more tobacco, and far more imported luxuries and conveniences than he did a generation back. Where house to house inquiries have been made, it has been found that the average villager eats more food and has a better house than his father; that to a considerable extent, brass or other metal vessels have taken the place of the coarse earthenware vessels of earlier times; and that his family possess more clothes than formerly. There are exceptional districts, like North Behar, where the rural population is extraordinarily dense, or parts of the Deccan, where the soil is extremely poor, and the rainfall is very precarious; in such tracts the condition of the landless labourers is still deplorably low. There are other exceptional tracts, such as Lower Burma, Assam, Malabar, Canara, the Himalayan districts, and a great part of Eastern Bengal, where the population is sparse or not too dense, where the soil is rich, where the rainfall is always abundant, and where good markets are at hand; in such tracts wages rule high, work and food are abundant, there is a comparatively high scale of living, and there is little or no real poverty. The greater part of India lies between these exceptional extremes, and, on the whole, the standard of comfort in an average Indian villager's household is better than it was fifty years ago. It is quite certain that the population of India absorb and hoard far more of the precious metals than they did formerly, for during the past fifty years India's net absorption of gold and silver from outside has amounted to the equivalent of 6,303 millions of rupees, or an average of 126 millions a year, while

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during the 22 years ending with 1857 the net absorption of the precious metals by India averaged only 32 millions a year.

49. *Condition of different classes.*—The population, for the purpose of the present paragraph, may be roughly divided into—

The landowning class.
The trading class.
The professional class.
The tenant or ryot class.
The labouring class.

The landowning class includes not only the great zemindars of Bengal and Oudh, who with their families and retainers live on the rent of the land, but it includes tens of millions belonging to the proprietary brotherhoods of northern India, to the petty proprietors holding their lands directly from the State in Madras, Bombay, Burma, Assam, and Berar, and to the tenure holders of Eastern Bengal. All these classes are undoubtedly better off than they were fifty years ago, for the profits of agriculture are larger owing to the rise in prices and the export demand for surplus produce. In every province the market price of land has advanced; and in many parts land fetches now three to ten times the price per acre that it did fifty years ago.

The trading classes are, on the whole, better off by reason of the greatly increased commerce of the country, though the percentage of profit on transactions and the interest upon money are lower than they were.

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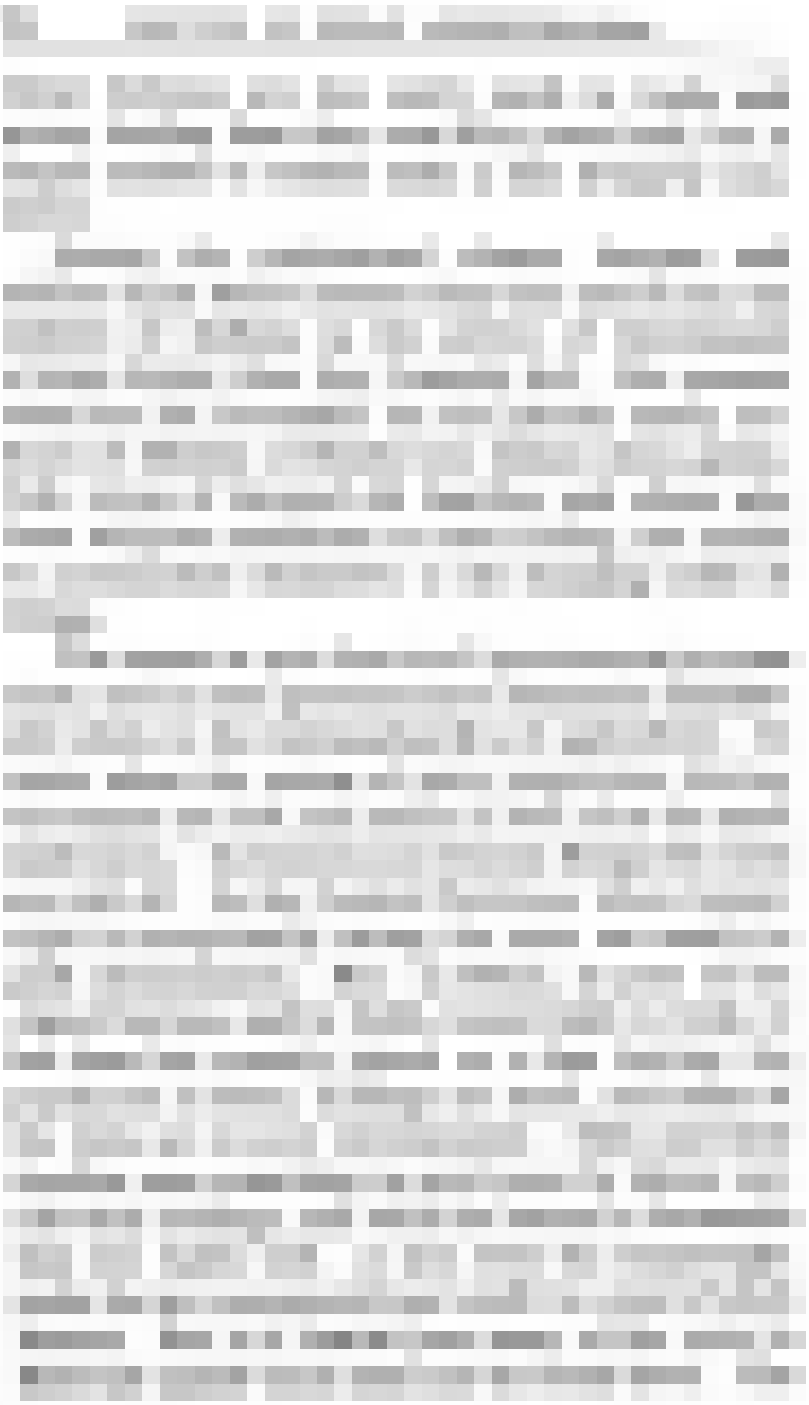
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Great fortunes are less easily made in trade and money lending than they were fifty years back, but a larger number of traders make a fair living by commerce.

Among the professional classes, lawyers and soldiers enjoy better incomes than they used to do; the salaries of Indians in the service of Government average higher than they formerly did. But present times are not favourable for the priestly castes, students of Moslem or Hindu lore, broken down gentlefolk, scions of decayed old families, and others who from religious sentiments or caste feeling, are unable to accommodate themselves to the changing order of things.

The tenant or ryot class in all provinces enjoy some share, and in some provinces have obtained a considerable share, in the increased profits of agriculture. In tracts where the system of petty proprietors obtains, the tenants are few, and nearly as well off as the small landowners. In Eastern and Central Bengal the ryots are well off. In the Central Provinces, where tenant-right is exceptionally strong, the ryots are mostly in good circumstances. But in Behar, in part of the Agra Province, and in Oudh, tenant-right is weak, or has been but recently placed on a firm footing; the population is dense, holdings are small, and many of the ryots are in poor circumstances. They and their families earn something in good years by labour outside their holdings, and when the season is favourable they live fairly well. A ryot with the tenant-right under the law can generally get credit in a year of short harvest. But in a famine year many of the ryots in these last-named tracts must and do break down. The



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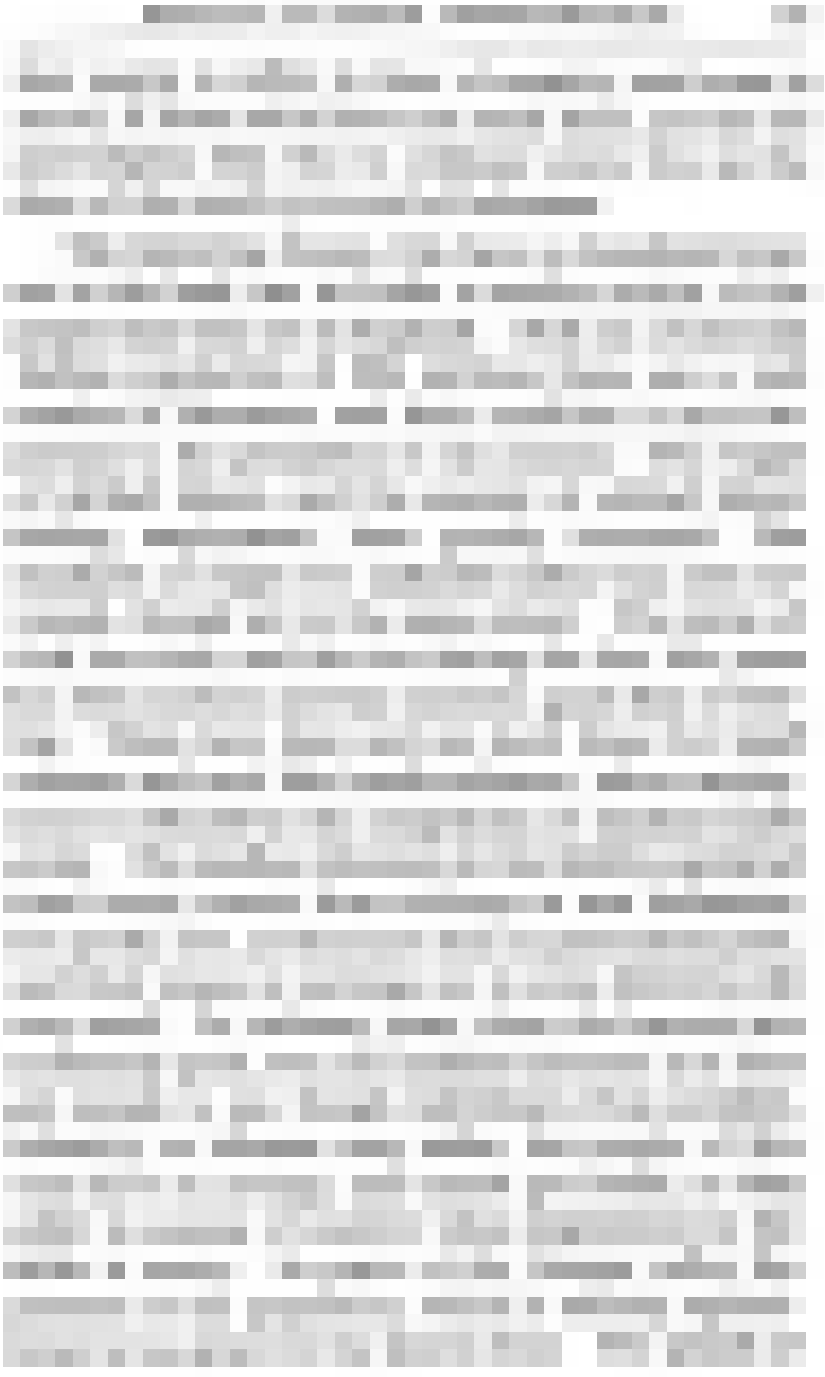
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first people to suffer in time of scarcity, and even to starve, if State relief does not reach them, are the old and helpless folk who in ordinary years live on the alms of the small ryots and of labourers.

The labouring classes, who have no beneficial interest in the land, are in India a smaller section of the people than they are in England. Still out of the total Indian population of 294 millions there are a vast number of labourers, and their condition is most important to the prosperity of the country. The wages of skilled labour, and the amount of skilled labour finding employment, have greatly increased. The standard of wages for unskilled labour has also advanced, though not to the same extent. The price of food has risen, and the rise during the last few years has been marked, and has excited a good deal of feeling. There have been and are hard times for hand weavers and such like handicraftsmen, whose employment is reduced by the competition of machine made goods. The landless labourers in the thickly populated rural tracts, remote from railways or new industries, live poorly now, as they have done in generations past; and their wages or earnings are in some districts still very small. In ordinary years, when the harvests are moderately good, even the landless labourers as a class get enough to eat, though individuals from accident, infirmity, or idleness, may suffer; but people of this class have no savings, and cannot get credit, so they suffer in seasons of scarcity when employment in the fields is scanty. In parts of the Ganges valley the pressure of the population, which is entirely agricultural, is too great for the land to bear. The people of

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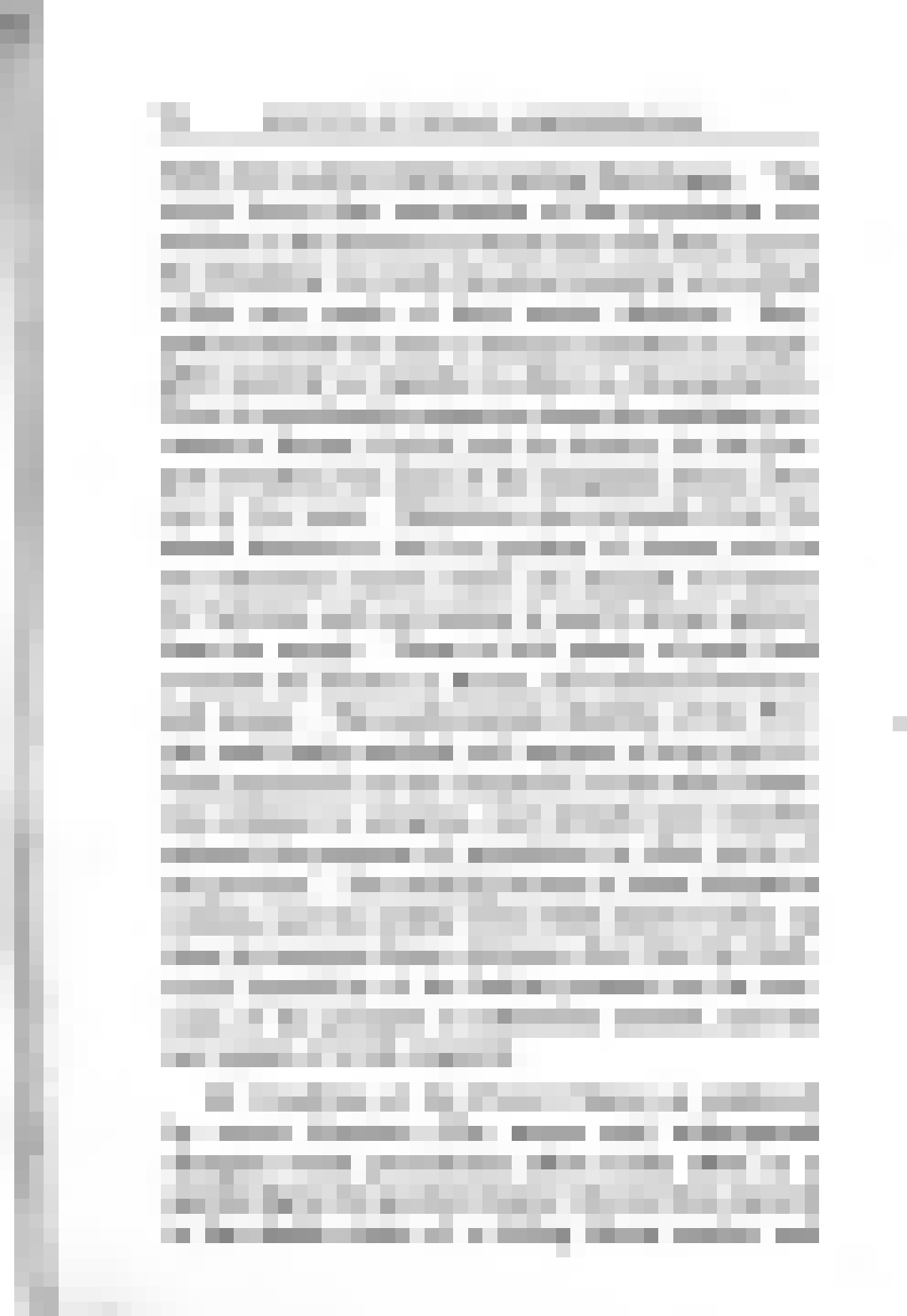


India have a great dislike to leaving their homes. The census shows that nine-tenths of the population are resident in the districts in which they were born, and of the remaining one-tenth the great majority are settled within easy reach of their native districts. Emigration beyond the seas to distant countries is a negligible quantity as regards its effect on the population. There is considerable migration from the maritime provinces to Burma, Ceylon, and the Straits, for the purpose of labour, but most of the emigrants return after one or two years. Migration also proceeds from the inland districts to the tea gardens of Assam, and to the industrial centres where the demand for labour for factories and coal mining is nearly always greater than the supply. There is still plenty of good land available for settlers in Burma, the Central Provinces, and Assam. The south-western districts of the Punjab, until lately untilled, will support a large agricultural population on the completion of the canal irrigation schemes in progress, and already have sensibly relieved the pressure of population in other parts of the province. The striking success of these irrigation colonies, and the avidity with which land is taken up there by incomers from a distance, show that the traditional immobility of the Indian peasant can be overcome, if the prospect is sufficiently assured, and the new sphere of work congenial.

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high prices. It is for such seasons that the elaborate system of famine relief, which will elsewhere be described, is reserved, and it is then that the condition of these classes comes most closely under observation. If, as sometimes happens, one drought is followed by a second after a few years, a comparison can be instituted as to the degree of resisting power shown by these classes on the two occasions, and an inference drawn as to whether their condition has improved or deteriorated in the interval. In 1896 and again in 1907 the United Provinces experienced a severe drought. The Central Provinces were similarly affected in 1896, 1899 and 1907. The reports of the Local Governments on the famine-relief operations of 1907-08 institute a valuable comparison, which leads to the conclusion that of late years the condition of the poorest classes in these two provinces has sensibly improved.

The report for the United Provinces after mentioning that a nine months food supply for the whole province, representing a value of 28,000,000*l.*, besides 10,000,000*l.* of non-food crops, were lost by the drought of 1907, and that it was as intense and extensive as the drought of 1896, proceeds as follows :—

"The previous famine was to a great extent a labourers' famine; in the present year the labouring population did not resort in large numbers to relief works except in the very severely affected districts. The difference between the two years is not entirely explainable by this or by the greater severity of the earlier famine. It points to the fact, which seems beyond dispute, that the position of the labouring classes has improved in the last decade, as is clearly illustrated by the later section of this resolution on the subject



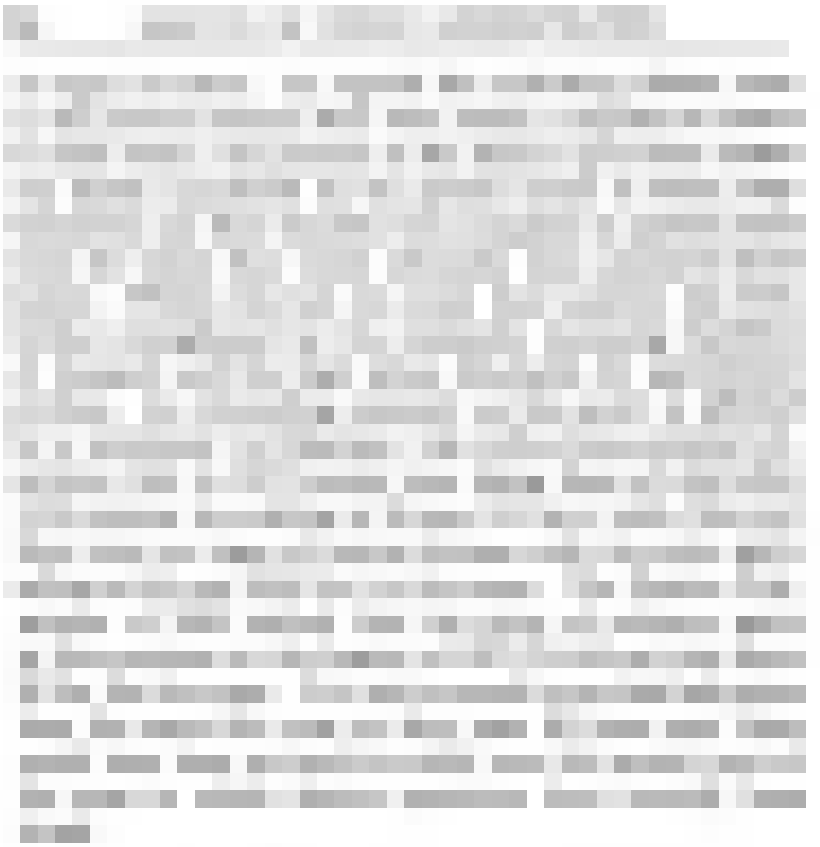
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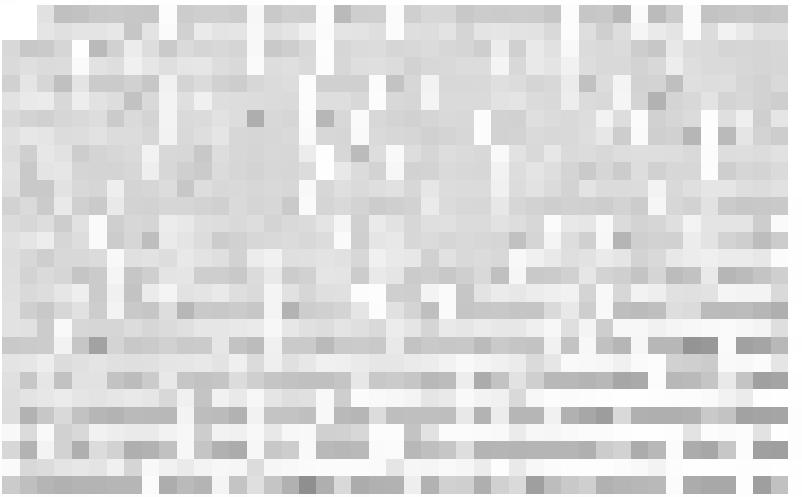
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of wages of labour. As regards the cultivating classes, even in the previous famine they were seldom compelled to resort to relief works: the pressure of the famine upon these classes was chiefly manifested by the greater extent to which they themselves and their families were compelled to perform field work for which they would ordinarily have employed hired labour. Within the last ten years their position has been further strengthened by the constantly increasing facilities of transport and the high prices obtainable for agricultural produce. An interesting comment on this point is afforded by a missionary in Ghazipur, who writes from personal experience that in 1877 people were dying there of starvation with common rice selling at $9\frac{1}{4}$ sers (19 lbs.), while this year there were no signs of serious distress with the same grain selling at $5\frac{1}{4}$ sers ($10\frac{3}{4}$ lbs.) to the rupee. The Famine Commission of 1880 noticed that the price of ordinary grain in this province in the famine of 1877-78 did not rise above 26 lbs. for the rupee. It is not too much to say that had prices been the same this year as they were 30 years ago, there would have been no need for relief over the greater part of the area in which famine operations have recently been closed.

Although prices have been exceptionally high for several years, the rise has been accompanied by a marked increase in the wages of labour, with the result that the higher price of food does not affect the ordinary labourer so long as he can obtain employment. The amount of employment available has simultaneously increased very considerably by reason of the large expenditure by Government on public works, railways and canals and the industrial and building operations of the general public. The Director of Land Records and Agriculture has collected information of the wages paid in all rural tracts between October and December 1907, and has compared them with the results of the wage census taken on the same lines in 1906. His conclusions are that the commonest rates of wages paid in the later period were no-





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where below, and were in most cases above, those recorded at the wages census. Moreover, wages below the commonest rates were paid much less often than in 1906, whereas wages above the prevailing rates were paid on a considerably greater scale than in 1906, and rates hitherto unknown were paid in some localities. Taking the combined results of these conclusions he estimates that the average wage of the province has increased in the period by two or possibly three pice for each day's work. A labourer, therefore, who in 1906 spent $1\frac{1}{2}$ annas on food, could in the autumn of 1907 spend two annas on food without curtailing his other expenditure; so that he could get the same amount of food as before if prices were $33\frac{1}{3}$ per cent. above the level of prices in 1906 (itself above normal).

In the large cities the rise has been even greater than in the rural tracts. In Agra, for instance, men engaged as ordinary diggers earned, in 1900, 2 annas a day, and women seldom received more than 1 anna 3 pies. At the present time the rate of wages for this kind of work is four annas for men, and 2 annas to 2 annas 6 pies for women. Masons and stone-cutters who in 1900 earned 3 annas 6 pies daily now receive from 5 to 7 annas. In the same period the pay of such classes as gardeners, water-carriers and sweepers has approximately doubled."

The report for the Central Provinces contains the following remarks on the subject :—

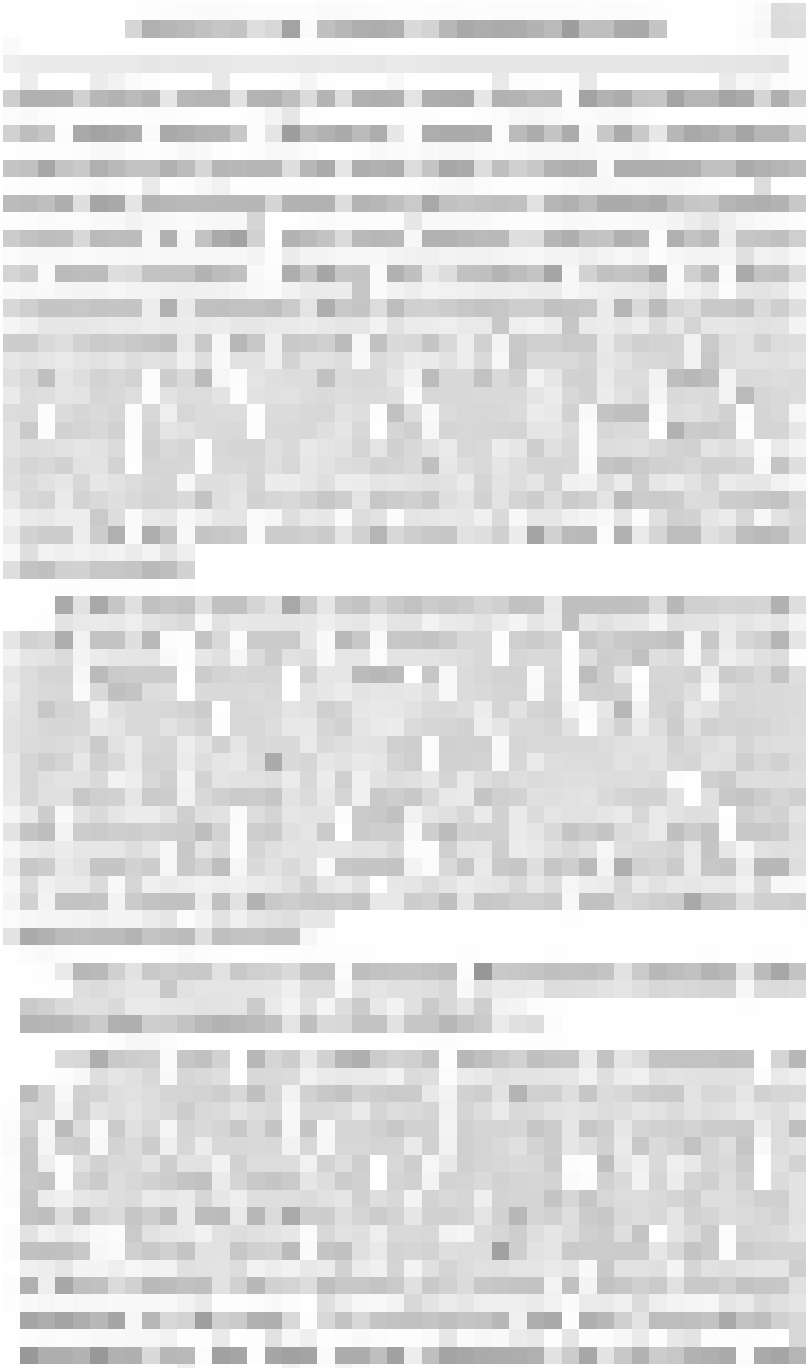
"Every year since 1900 has witnessed an extension of the area occupied for cultivation, and there has been no year at the close of which it could be said that the prosperity of the cultivating classes had not advanced. In no parts of the provinces has progress been more rapid than in the cotton tracts. Cotton thrives best with a light rainfall, and years of short rainfall have induced cultivators to devote increased attention to the crop. Its cultivation has also been greatly stimulated by the high prices obtainable for the fibre, and

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a large export demand for the seed. The value of land has risen everywhere, and the demand for it is extraordinarily keen in the cotton country. The prices for agricultural produce have generally been high since the famines. In 1903-04, owing to the excellent harvests reaped in these provinces and in Northern India, they receded to a point somewhat below those of the normal period preceding the first famine; but subsequently the poorness of the seasons brought them back to a higher level, from which they have shown no tendency to recede, and the good harvests reaped in these provinces during the year immediately preceding the recent scarcity must have brought large sums into the pockets of the cultivating classes. Along with this improvement in their material resources, there has been a distinct advance in the direction of agricultural improvement.

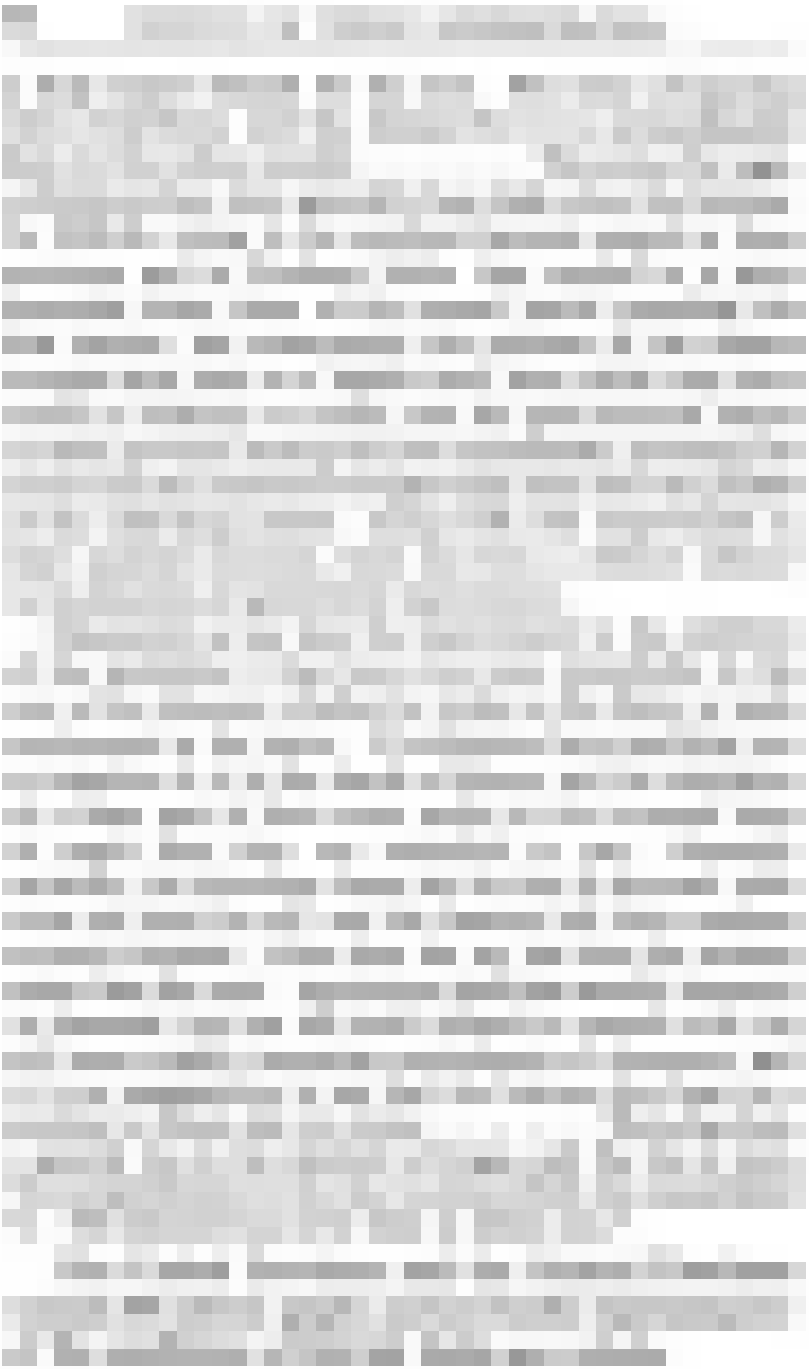
Substantial as has been the improvement in the condition of the landholder it has been even more remarkable in the case of the labourer, whether he works on the farm, or seeks employment in the towns. If cultivators have anything new to complain of, it is the dearth of labour, and the absorption of a large part of their extra profits in the increased rates of wages that they are compelled to pay. Generally unthrifty, the labouring classes are the first to succumb when times are hard for all, and the famines left their numbers seriously depleted. Since then the cry has been for workers rather than for work. Agriculture itself has steadily increased its demands, but has felt itself obliged to compete with the still more rapidly increasing requirements of commerce, and it is no exaggeration to say that the labourer has been in a position to dictate his own terms. There has been a general rise in the standard of wages, and the rise is more than proportionate to the rise in prices which has necessitated it. The labourer has never been in better case."

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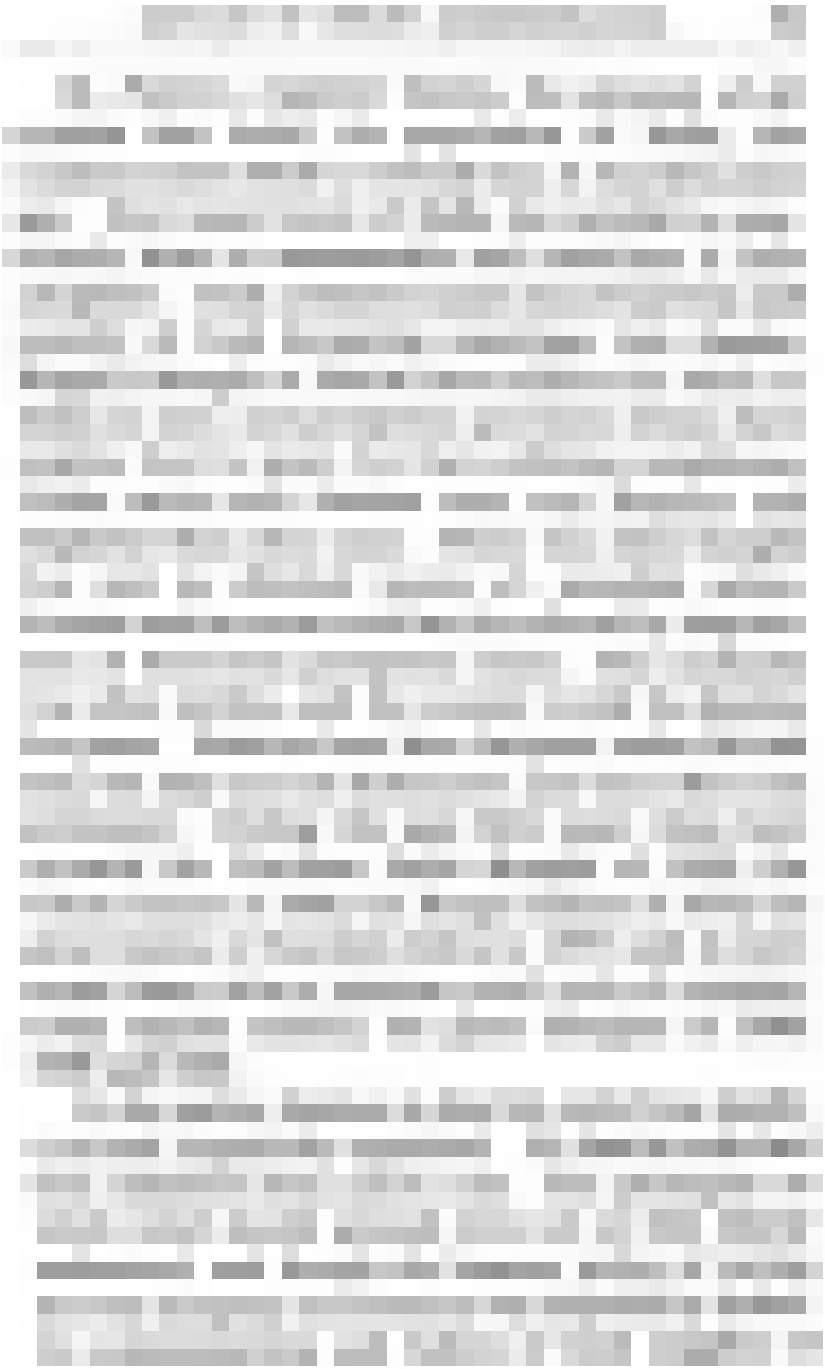
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51. *Famine.*—Against famine, the greatest of all troubles that befall the population of India, the country is more fitted to contend than it was fifty years ago. Over many tracts of India the rainfall is occasionally short or unseasonable and sometimes it fails altogether. Such a disaster causes loss of harvests and scarcity of food deepening sometimes into famine. Happily drought or famine never afflicts the whole of India at once, and prosperous provinces always have surplus food to spare for their suffering neighbours. Under native rule famines were very frequent and frightful when they came. There was little thought for, and no effectual means of, remedial action. Famine smitten areas could not be relieved by importation of food from prosperous tracts. The mortality was often terrible, and the country would lie desolate for years. Famines have been frequent under British rule, but they are less destructive and their effect less permanent. During the past fifty years there have occurred the Northern India drought of 1860, the Orissa famine of 1866, the Bengal famine of 1874, the great famine of Southern India in 1877; and in more recent times, after a nineteen years' cycle of comparatively regular rainfall, the great droughts of 1896, 1899 and 1907.

In the earlier famines in this list, relief was insufficient and imperfectly organized. No famine code had been inherited from native rule. The principles on which relief should proceed were not at first clearly understood, and though the humane policy of saving life was accepted, its execution was impeded by defective communications and failure of local supplies of



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food. These impediments no longer exist. An Indian famine is now mainly a problem of extemporising work for the able-bodied and providing gratuitous relief for those incapable of work. By timely arrangements and the liberal expenditure of public money, a drought, however intense, can now be combatted without disturbance of ordinary public business and with a great measure of success.

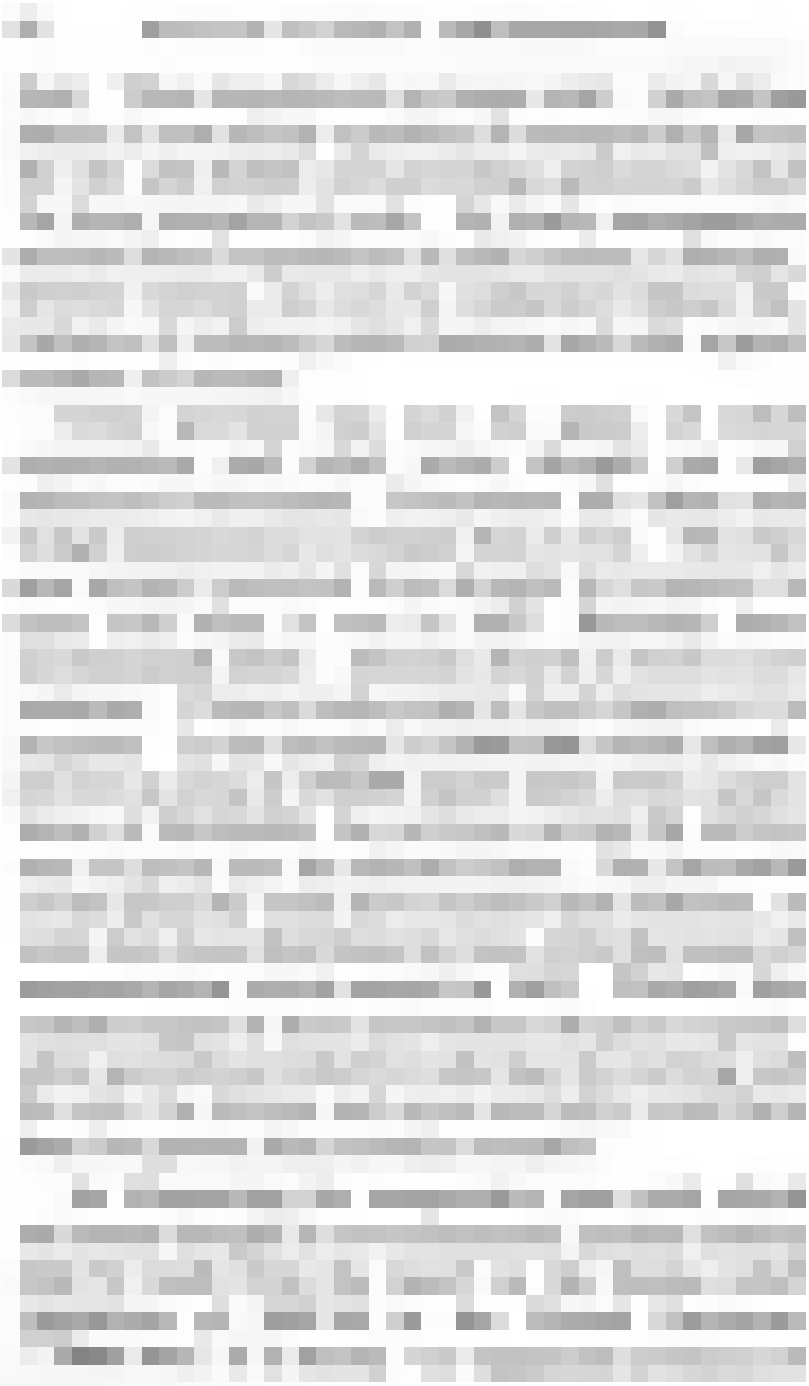
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As illustrating the comparative ease with which an intense drought is now surmounted, another citation may be made from the report on the famine relief operations of 1907-08 in the United Provinces. "There was," it is stated, "no organised movement of

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Notwithstanding all that has been done to prevent or mitigate the effects of drought, there are natural limits to the completeness of preventive measures. There are tracts which cannot be protected by irrigation works, and even in the most favourably situated tract protection is at best partial and does not extend to every field. To meet the demands of relief and of preventive measures the Government of India set aside in the budget not less than 1,000,000*l.* annually for "Famine Relief and Insurance." When famine or scarcity comes, expenditure on relief is not restricted to this sum. The only limit then recognised is the need of the distressed population. In years when the annual famine grant is not required for relief, the money is spent on famine preventive works in tracts

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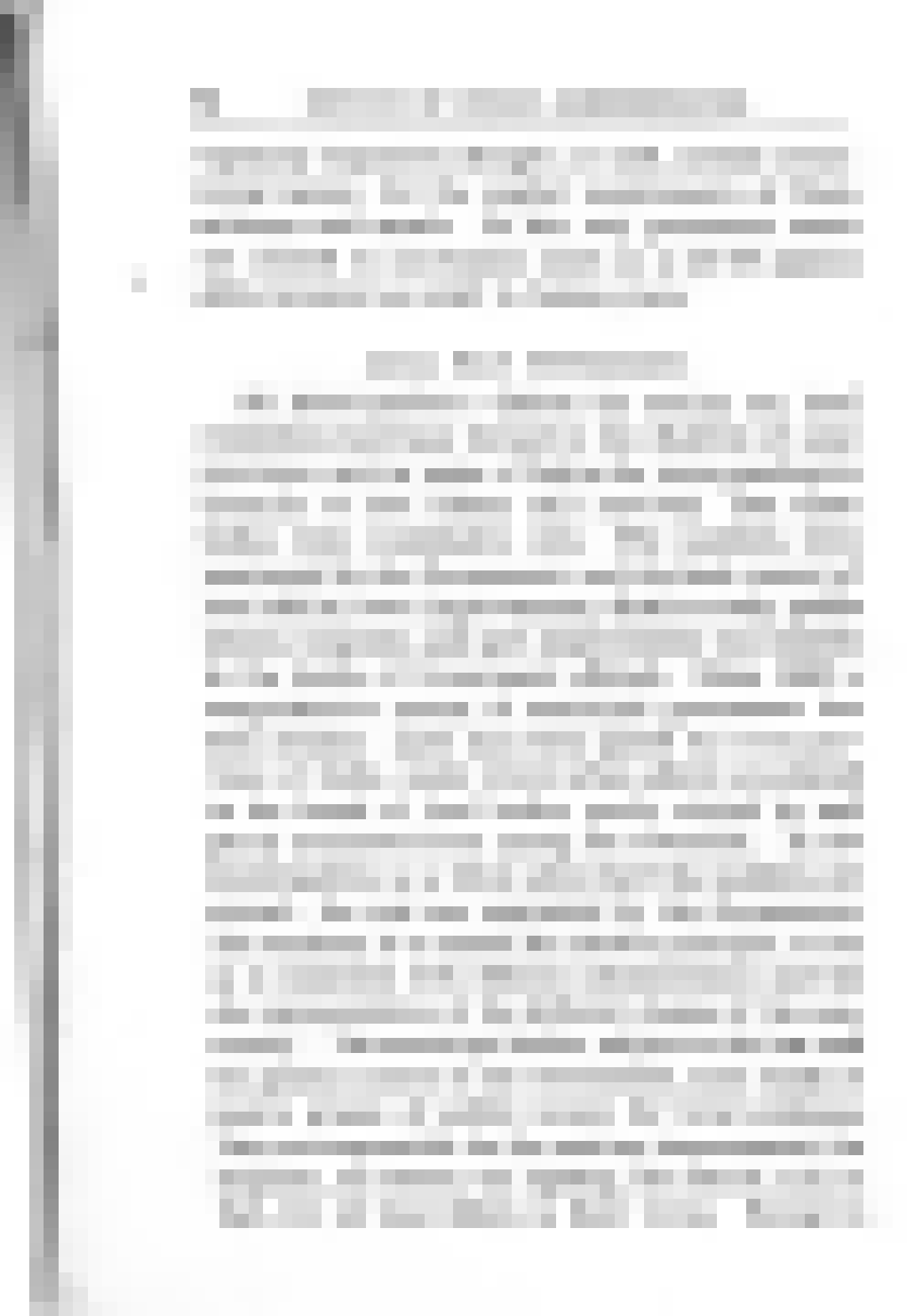
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Local Self Government.

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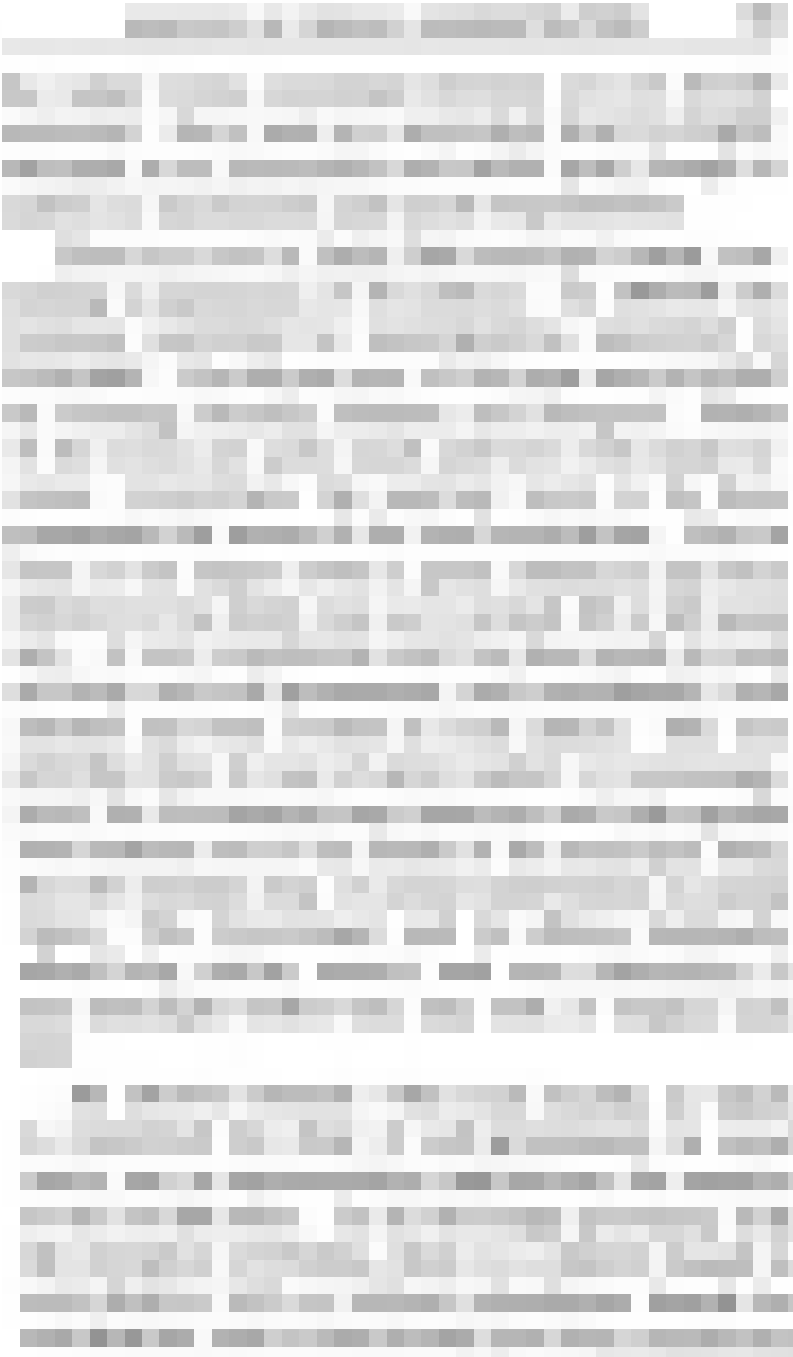
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the larger towns, municipal elections are not keenly contested. But a seat on a municipal board is highly esteemed as an honourable and useful post, though it carries no emoluments and much responsibility.

There are now in India 746 municipal towns, containing a population of 16 millions. In 1907-08 the revenues controlled by municipalities amounted to 3,910,000*l.* But 40 per cent. of this sum was provided by Calcutta, Bombay, Madras, and Rangoon. Many of the towns are quite small and have very small incomes. Everywhere the sanitary work to be done transcends the means of the local authorities. But in some of the larger towns a great reduction has been effected in the death rate as it existed 30 or 40 years ago. A very considerable start has been made in local self-help and self-government, and considerable local interest has been evoked in local affairs. The law provides that, in case of great neglect or mismanagement, the Government may intervene and take specific local matters out of the hands of the municipal body, but the extreme step of actual intervention is rarely taken. The Government and its officers habitually afford help, advice, control, and even admonition to any municipal bodies that may seek or require such aid.

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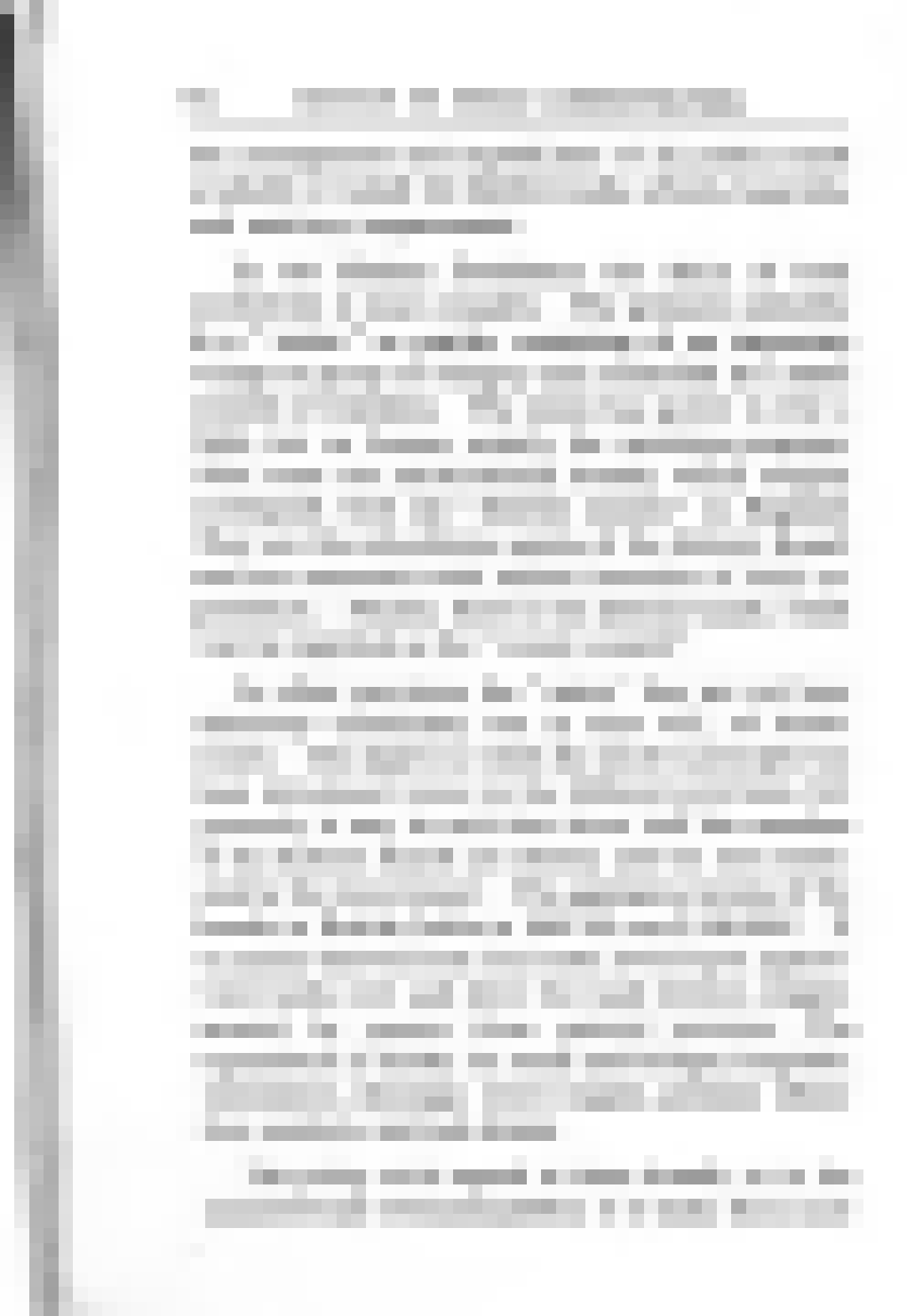
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In other provinces the "union" has not yet been effectively established, but in time will, no doubt, follow. The degree to which the elective principle has been introduced varies in the different provinces, but generally it may be said that about half the members of the district boards are elected, and the rest nominated by the Government. The aggregate income of the boards in British India in 1907-08 was 3,140,000*l*. It is mainly derived from local rates levied upon agricultural lands over and above the land revenue, supplemented by grants from general revenues. The expenditure is chiefly for roads and bridges, hospitals, vaccination, drainage, water supply, primary education, markets, and rest-houses.

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54. *Port Trusts.*—For the management of harbour affairs at the chief seaports trusts have, since 1860, been constituted by law, and on each of these port trusts sit European and Native representatives of the trading and shipping interests, as well as two or three Government officers. The port trusts manage the docks, the harbour lights, the wharves, the pilotage, the port police, and all port affairs; but they cannot borrow money, or impose dues, or undertake great works, without the previous sanction of the Government. The several port trusts have performed their duties to the satisfaction of the trading communities and of the Government. The wharves and docks at Calcutta and Bombay are fully up to the standard of modern requirements; ample wharves have been provided at Rangoon; important harbour improvements have been executed at Karachi, and harbour works at Madras. Meanwhile, the port and harbour charges are almost everywhere much lower than they were; at some ports they are less than half what they were when the trusts were first constituted; and the works executed from borrowed money yield a net revenue which suffices to meet the interest on the capital, and to pay off the capital itself within a moderate term of years.

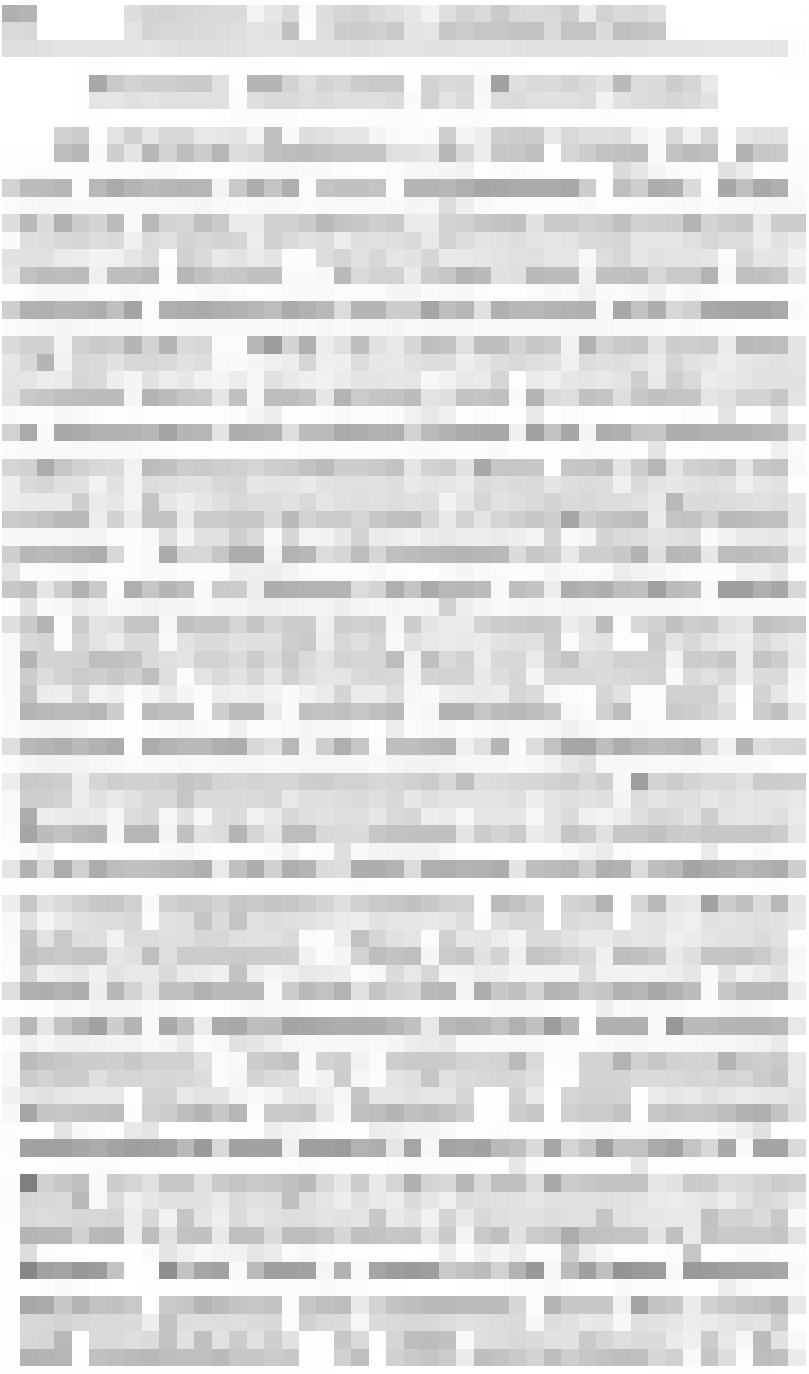


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Political Relations and Native States.

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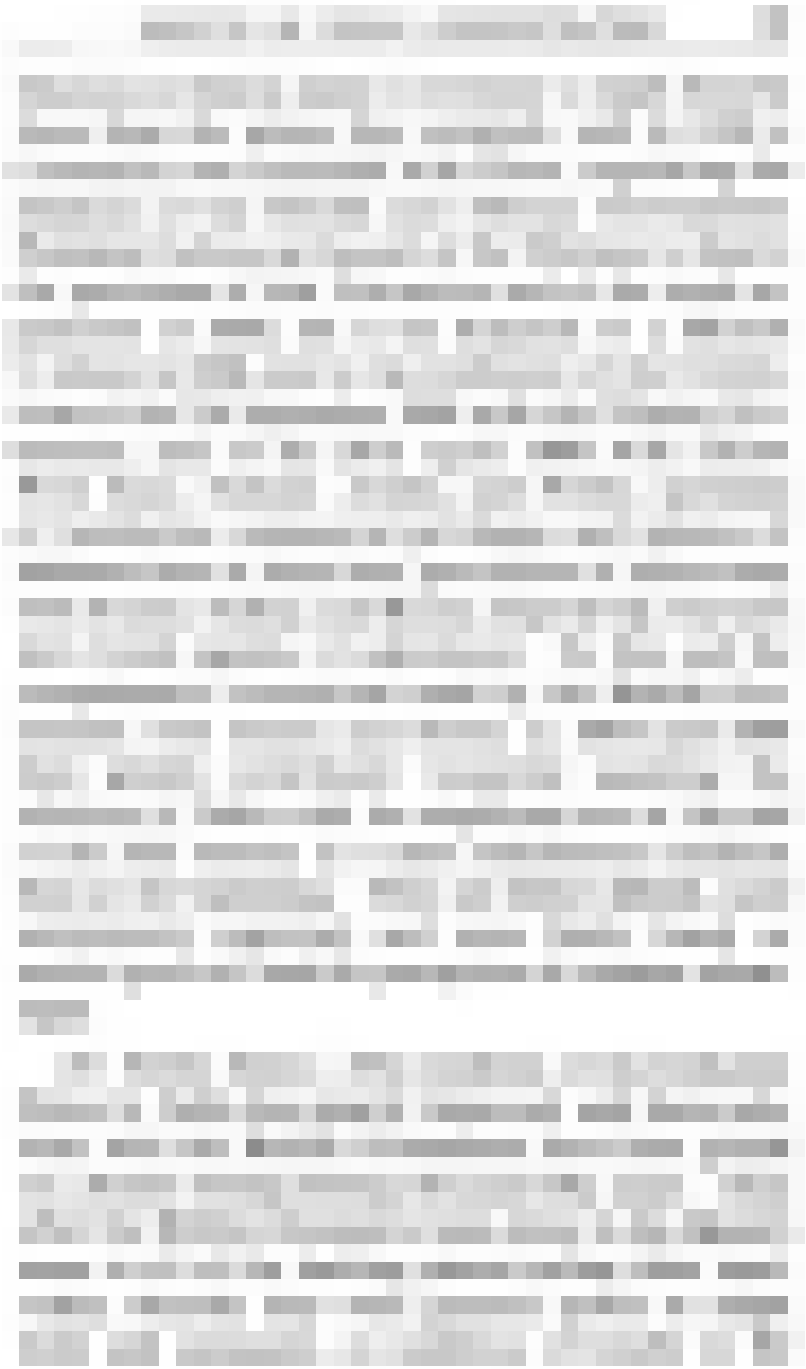
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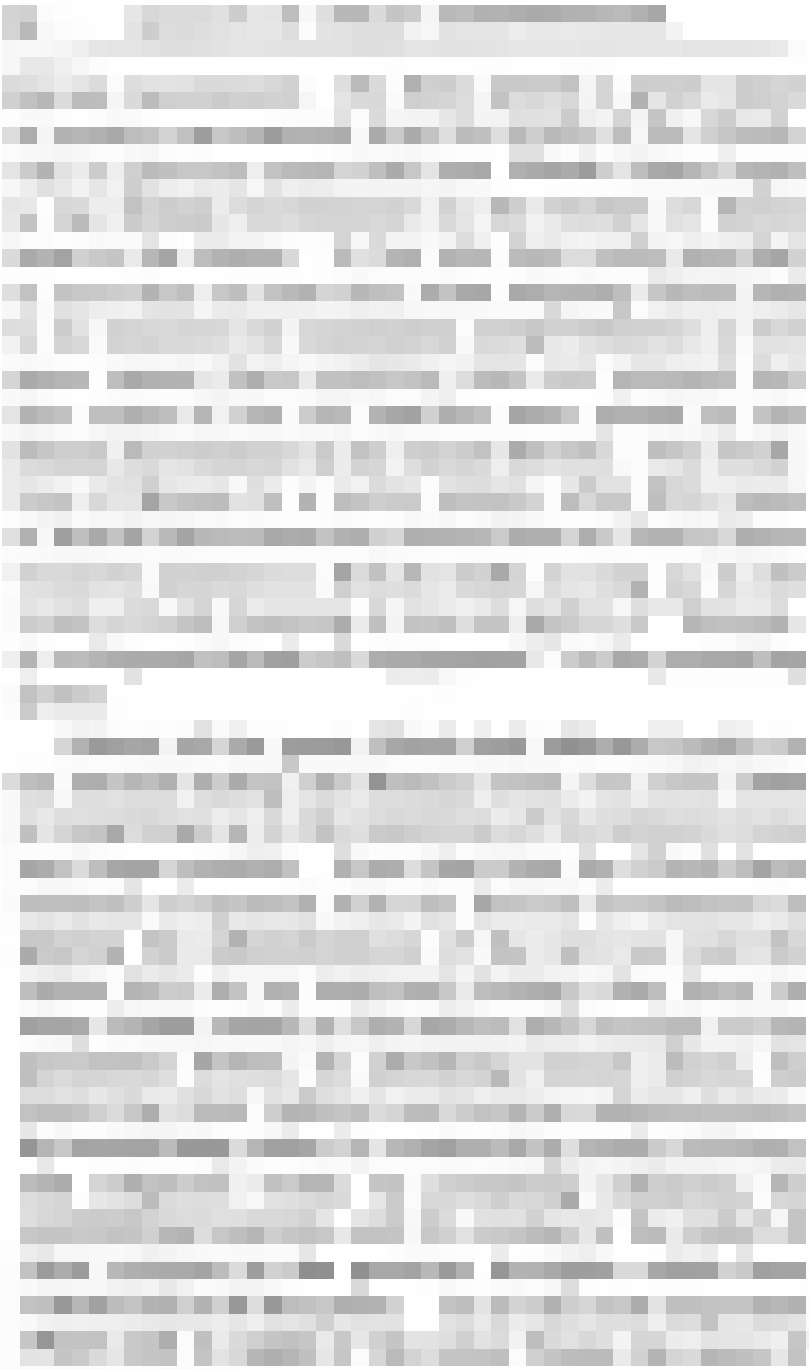
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British Government. By these grants a grave cause of anxiety was removed from the minds of the Chiefs, who in previous years had seen Hindu States lapse to the British Government on the failure of direct heirs to the throne. It has also been made manifest in more than one case that, when reigning Chiefs had to be removed for scandalous misgovernment or for grave crimes, their countries were not annexed, but new rulers of the old families were placed by the British Government on the vacant thrones. The rendition of Mysore to a native prince, after fifty years of British administration, showed that no Native State would be annexed to British India so long as, in the words of Lord Canning, it was not guilty of "disloyalty or flagrant breach of engagement" to the protecting power.

Almost all the great Chiefs had adhered loyally to the British during the Mutiny crisis; but after 1860 no misgivings as to the intentions of Government were any longer possible. Since that time the Chiefs have cordially co-operated with the British Government in placing the administration of the salt tax and the opium duty on an improved footing; they have, in many States, acted on the advice and example of the paramount Power, by abolishing transit duties, by improving their judicial and revenue administration, by maintaining order, by constructing roads, railways, and irrigation works, by promoting education, by establishing hospitals, and by coming to the relief of their subjects in the grevious droughts which have visited India of late years. In all the more important States and in many of the minor States the cause of



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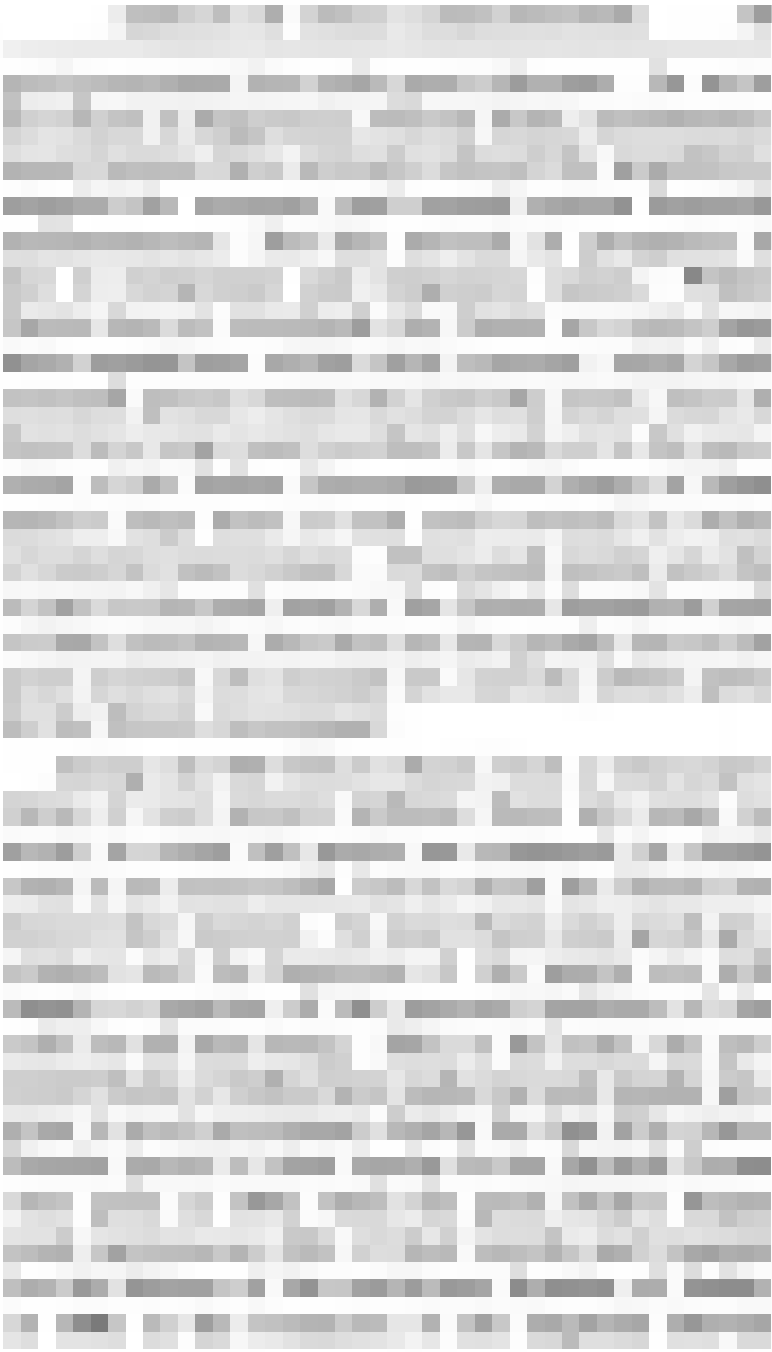
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good government has made great advances. In not a few States in Rajputana, Central India, and Bombay, recent famines have seriously reduced the population, crippled the revenues, and created serious financial embarrassments. But this set-back of prosperity is due to exceptional and temporary causes. Where famine has not interfered, the Chiefs as a rule keep their expenditure within their revenues, which have increased greatly within the past fifty years; some of them have large reserves either in cash or in the securities of the Indian Government; and many of them spend a large share of each year's revenue on works of material improvement. These good results are due in part to the good sense of the Chiefs themselves and of their ministers, but they are also greatly due to the peace secured, the example set, and the advice given by the British Government.

Among the 682 Native States with a total population of over seventy millions, there are some, no doubt, in which the people are overtaxed, in which order is not maintained, and in which the Chiefs live beyond their incomes. In most States also good government and the happiness of the people are still largely a question of the personal qualities of the ruler for the time being. Still, in the main, the protected States of India have made real and steady progress in good government during the last fifty years. Notable proofs of their loyalty to the British Crown were given in 1887, when the great Native States made spontaneous offer of their swords and treasure for the defence of the north-west frontier of India; in 1890, in the formation of the Imperial Service

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ARMY.

58. *Army.*—At the end of 1856 the Indian Army consisted of 40,000 European soldiers and 215,000 native soldiers, besides 32,000 men in contingents paid by and serving in Native States; at that time a large proportion of the Indian artillery consisted of native gunners. The present army of India consists of 75,751 British troops and a native army of 158,932 troops. The field and horse artillery are now manned by Europeans. The armament of the troops has been changed by successive advances from smooth-bore muskets to breech-loading magazine rifles, and the horse and field artillery are armed with 12½ and 18½-pounder quick-firing guns instead of 6 and 9-pounder smooth-bore muzzle-loaders. Railways have made the concentration of troops within India or on its frontier ten times easier than it was in 1857. Transport and supply services have been organised, factories established for the manufacture of munitions of war, reserves of equipments and stores provided, and all arrangements made for the mobilization at short notice and maintenance in the field of a force of any strength that an emergency might require.

Officers and men, arms and horses, ammunition and *matériel*, commissariat and land transport, barracks and fortifications, all cost more than they did before the Mutiny; while, therefore, for the year 1856 the cost of the army in India was 12,700,000*l.*, for the year

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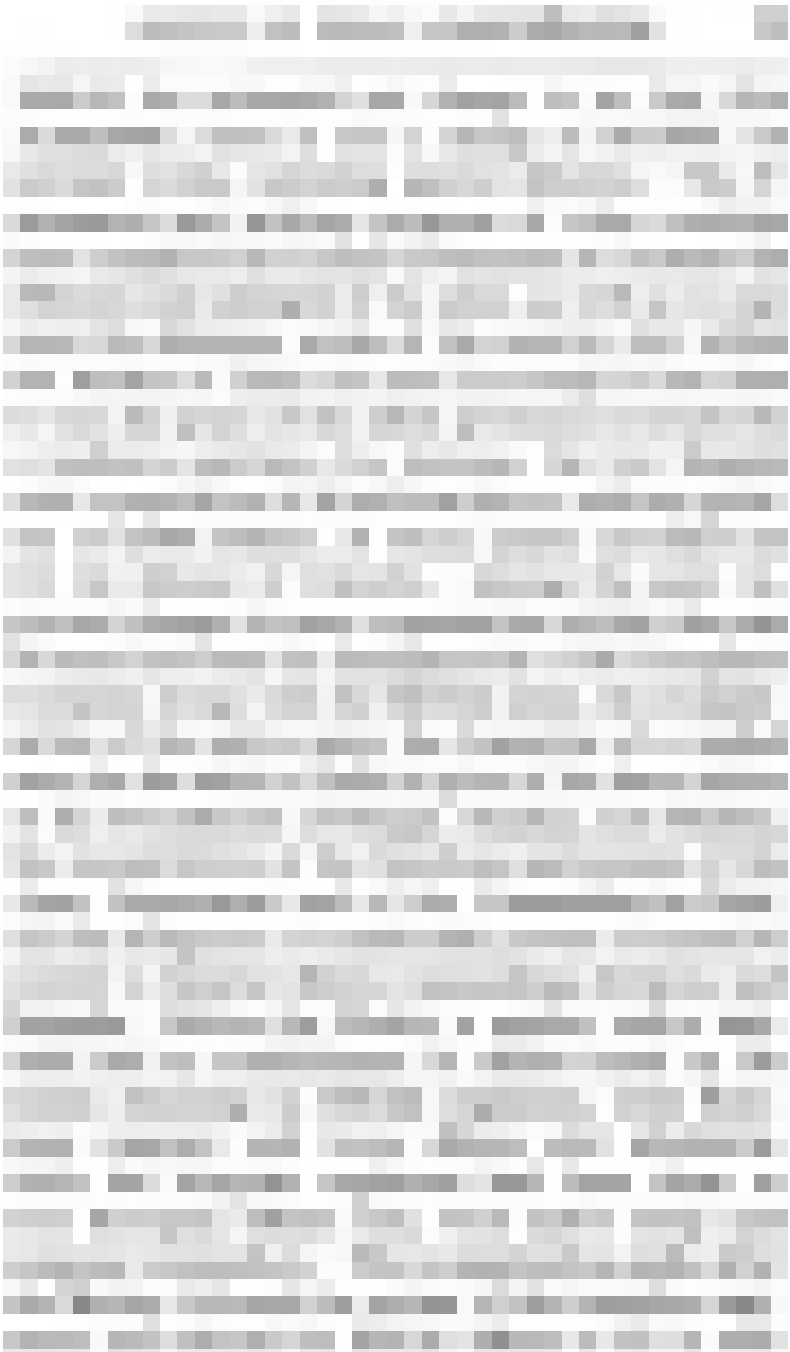
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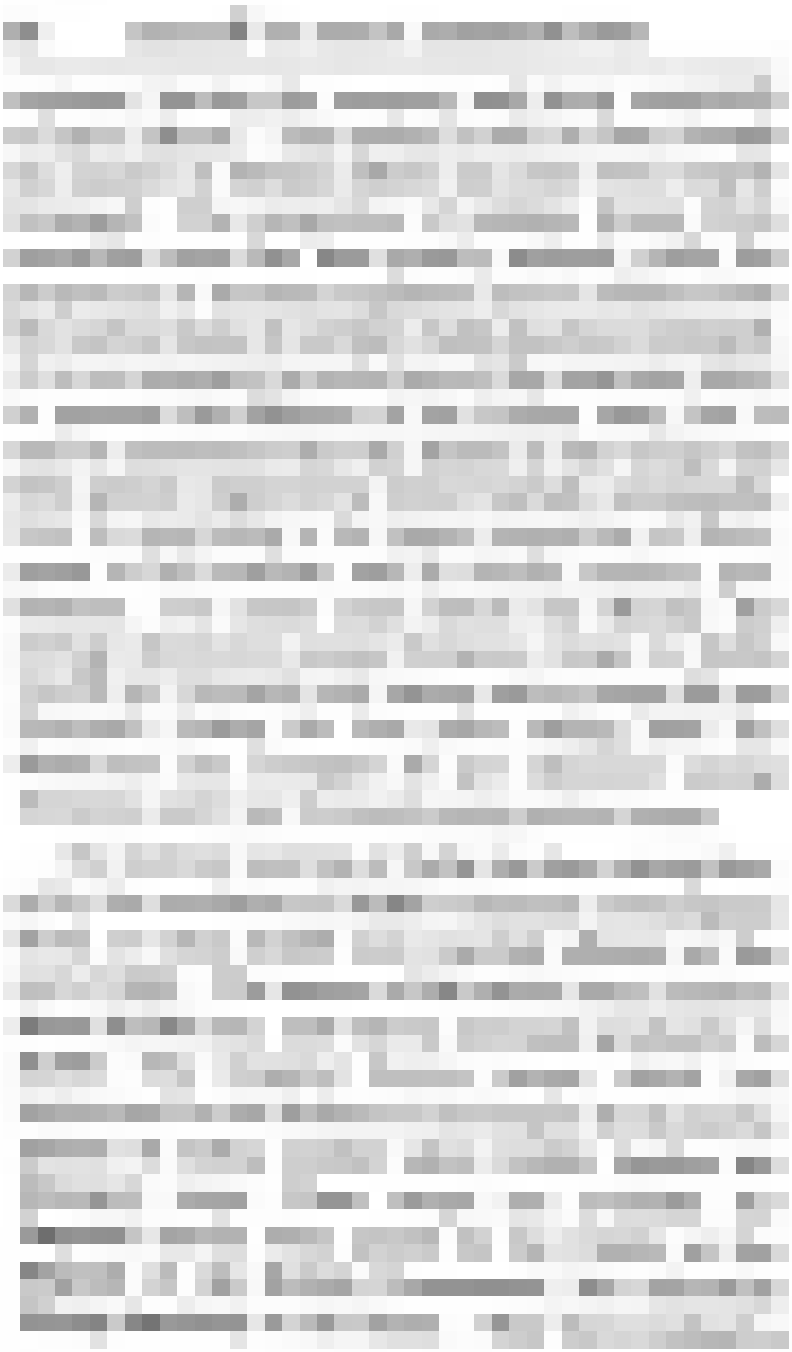


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The military position of India has been strengthened by the enrolment of 36,200 volunteers of European blood, of whom 31,400 were reported efficient at the end of 1908. The reserve of the native army numbers about 35,700 men, and will be increased gradually to 50,000. The Imperial Service troops, which are maintained for the defence of the Empire by the native princes of India, number about 18,000, besides six transport corps. These troops are available for Imperial service when placed by the Chiefs at the disposal of the British Government, but otherwise belong absolutely to the States. They have reached a

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Conclusion.

59. The Court of Directors claimed in 1858 that their government of India had been "not only one of the purest in intention, but one of the most benevolent in act, ever known among mankind; that it had been one of the most rapidly improving governments of the world." It may fairly be claimed that, during the years of government under the Crown, progress has been more rapid in India than during any previous period of the same length, and that the intentions and actions of the Government have been as much for the benefit of the Indian people as in the time of the Court of Directors. The polity, the progress, and the requirements of India have been investigated by competent critics of many nations, and the general verdict has been that, despite mistakes and shortcomings such as are inseparable from human effort, the administration of India by the Crown has been an earnest and fairly successful attempt to solve political, social, and material problems of much difficulty and complexity. In conclusion, it may be permitted to recite the gracious words of the Proclamation by the King-Emperor, of the 2nd November 1908, to the Princes and Peoples of India:—"Half a century is but a brief span in your long annals, yet this half century that ends to-day will stand amid the floods of your historic ages, a far-shining landmark. The proclamation of the direct supremacy of the Crown sealed the unity of Indian Government and opened a

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